

ATTACHMENT A

1004

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

KRAFT FOODS GLOBAL, INC.; THE
KELLOGG COMPANY; GENERAL
MILLS, INC.; and NESTLE USA,
INC.,

Plaintiffs,

-vs-

UNITED EGG PRODUCERS, INC.;
UNITED STATES EGG MARKETERS,
INC.; CAL-MAINE FOODS, INC.;
and ROSE ACRE FARMS, INC.,

Defendants.

Case No. 11 CV 8808

Chicago, Illinois
October 20, 2023
2:00 p.m.

VOLUME 4-B
TRANSCRIPT OF PROCEEDINGS - Trial
BEFORE THE HONORABLE STEVEN C. SEEGER, and a Jury

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WITNESS:

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DOLPH BAKER

Direct Examination

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DEFENDANT'S EXHIBIT

RECEIVED

None.

JOINT EXHIBIT

RECEIVED

None.

Baker - direct by Fox

1048

1 Q. Handing you, Mr. Baker, Exhibit 268.

2 MR. FOX: Now, Your Honor, I move for the admission

3 of Exhibit 268.

4 THE COURT: All right. So we'll let the -- we'll let

5 the witness take a look at it, and then we'll see when he's

6 ready, and then you can ask the witness to identify it and you

7 can move it into evidence, if you'd like.

8 THE WITNESS: Okay. I've reviewed it.

9 BY MR. FOX:

10 Q. And this is the April 19th, 1999, *United Voices*, correct?

11 A. That's correct.

12 MR. FOX: Your Honor, I move for the admission of

13 Exhibit 268.

14 THE COURT: Any objection?

15 MR. COLLINS: No objection.

16 THE COURT: All right. It's admitted.

17 (Plaintiffs' Exhibit No. 268 was received in evidence.)

18 THE COURT: You can publish it to the jury.

19 MR. FOX: Thank you, Your Honor.

20 BY MR. FOX:

21 Q. In this exhibit, Mr. Looper, Cal-Maine's former president

22 and numbers guy, wrote an editorial with the title stated "Hen

23 Disappearance Was the Key to Profits."

24 Do you see that?

25 A. Yes, sir, I do.

Baker - direct by Fox

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1 Q. And he's writing this to the industry, correct?

2 A. Yes, sir. An editorial.

3 Q. An editorial of his. It's his belief, correct?

4 A. Yes, sir.

5 Q. And along with being an executive with Cal-Maine, at the

6 time Mr. Looper also was serving on the board of directors of

7 Cal-Maine, correct?

8 A. That's correct.

9 Q. And at the time Mr. Looper was writing this editorial, he

10 also served as UEP's chairman of the board, correct?

11 A. I believe that's correct.

12 Q. And in this article, Mr. Looper wrote: "The key to

13 profitable prices the last half of 1999 is the number of old

14 hens that would disappear between now and December 31st,

15 1999."

16 Correct?

17 A. That's correct.

18 Q. Disappeared hens equals dead hens, correct?

19 A. Yes.

20 Q. Mr. Looper also stated: "So far this year" -- meaning

21 1999 -- "each 1 million more birds than last year has amounted

22 to a half cent less average price."

23 Do you see that?

24 A. I do.

25 Q. Any reason to doubt that from your numbers guy?

Baker - direct by Fox

1050

1 A. No, sir.

2 Q. He's referring to the sales prices of a dozen shell eggs,

3 correct?

4 A. That's correct.

5 Q. And at the time, Cal-Maine was selling more than a hundred

6 million dozen eggs per quarter, correct?

7 A. That would be correct.

8 Q. Each half cent decrease in price per dozen would have had

9 an effect of about a half million dollars in revenue for

10 Cal-Maine that quarter, correct?

11 A. I believe that's the math, yes.

12 Q. And Mr. Looper wrote: "Now is the time to concentrate

13 hard on the supply side of our business."

14 Do you see that?

15 A. I do.

16 Q. You understand Mr. Looper to be saying that egg producers

17 should prioritize eliminating hens, correct?

18 A. A recommendation.

19 Q. You would --

20 A. An education. Excuse me.

21 Q. Educating --

22 THE COURT REPORTER: I'm sorry. Can you repeat that?

23 BY THE WITNESS:

24 A. Educate. Educating.

25 BY MR. FOX:

Baker - direct by Fox

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1 Q. He's educating the industry, meaning he wants the industry

2 to know that now is the time to concentrate hard on the supply

3 side of our business, correct?

4 A. Correct.

5 Q. You understand him to be saying that the egg producers

6 should prioritize eliminating hens, correct?

7 A. Correct.

8 Q. And the supply side of your business was the supply of

9 eggs, correct?

10 A. That is correct.

11 Q. You understand Mr. Looper to be saying that egg producers

12 should restrict the number of eggs they were producing,

13 correct?

14 A. Consider, yes, sir.

15 Q. Consider. When he's saying now is the time to concentrate

16 hard, you consider that to be a consideration?

17 A. It's up to each individual company.

18 Q. Mr. Looper then wrote: "Beginning this month, we will

19 keep score by publishing hen disappearance compared to the

20 objective that will determine the industry's level of

21 profits."

22 Do you see that?

23 A. Yes, sir, I do.

24 THE COURT: I do not. Is it on the screen?

25 MR. FOX: One moment.

Baker - direct by Fox

1052

1 THE WITNESS: Keep score.
 2 BY MR. FOX:
 3 Q. Do you see that right there?
 4 THE COURT: And if we could back up. You had the
 5 "Now is the time." It was not on the screen, either. I want
 6 to make sure that we have an opportunity for the jury to see
 7 that if they'd like to see it, the previous sentence, "Now is
 8 the time."
 9 MR. FOX: Thank you, Your Honor. It should be on the
 10 screen now.
 11 THE COURT: I see it.
 12 You can read that sentence in.
 13 BY MR. FOX:
 14 Q. Mr. Baker, can you read that sentence in, please.
 15 A. "Beginning this month, we'll keep score by publishing the
 16 actual hen disappearance compared to the objective that will
 17 determine the industry's level of profits. Let's all do our
 18 part and make our industry profitable for everyone."
 19 Q. Mr. Looper was saying that the UEP would keep track of
 20 whether Cal-Maine and its competitors were disappearing the
 21 amount of hens that the UEP recommended, correct?
 22 A. I don't believe that's correct. I think the only way to
 23 keep up with that would be through the chicken and egg report,
 24 USDA.
 25 Q. And by saying that hen disappearance will determine the

Baker - direct by Fox

1053

1 industry's level of profits, you understand Mr. Looper to be
 2 tying the number of hens in the egg industry disappeared to
 3 the profits of the egg-producing industry, correct?
 4 A. That's correct.
 5 Q. Mr. Looper consistently made the point from the mid-1990s
 6 to 2008 that fewer hens would mean more profitable prices for
 7 egg producers, correct?
 8 A. That's correct.
 9 Q. Now, let's talk about what happened at UEP's marketing
 10 committee meeting that occurred just ten days after
 11 Mr. Looper's article.
 12 Showing you Exhibit 267.
 13 (Counsel conferring.)
 14 BY MR. FOX:
 15 Q. Can you see that or would you like a hard copy of it?
 16 A. I have it in front of me.
 17 Q. This is a copy of the UEP's marketing committee minutes
 18 from April 27th of 1999; is that correct?
 19 A. Yes, sir, that's correct.
 20 MR. FOX: Your Honor, I move to admit Exhibit 267.
 21 THE COURT: Any objection?
 22 MR. COLLINS: No objection.
 23 THE COURT: It's admitted.
 24 (Plaintiffs' Exhibit No. 267 was received in evidence.)
 25 THE COURT: You can publish it to the jury.

Baker - direct by Fox

1054

1 MR. FOX: Thank you, Your Honor.
 2 BY MR. FOX:
 3 Q. Now, Mr. Baker, you led this UEP marketing committee
 4 meeting on April 27th of 1999 as chairman, correct?
 5 A. That is correct.
 6 Q. So Mr. Looper, as a member of the board of directors of
 7 Cal-Maine, just wrote that article in the *United Voices*, a few
 8 days later you're holding this meeting as chairman of this
 9 committee, correct?
 10 A. That's correct.
 11 Q. UEP's executive Gene Gregory was also present as a
 12 committee member, correct?
 13 A. Yes, sir.
 14 Q. So was Mr. Looper who wrote that article, correct?
 15 A. Correct.
 16 Q. And so were several of Cal-Maine's competitors who also
 17 served on the marketing committee, correct?
 18 A. That is correct.
 19 Q. That included Joe Fortin of Moark, correct?
 20 A. Yes.
 21 Q. And you presented a supply adjustment program that had
 22 been adopted by USEM, correct?
 23 A. That's correct.
 24 Q. That's the United States Egg Marketers, correct?
 25 A. Yes.

Baker - direct by Fox

1055

1 Q. And Cal-Maine was a member of USEM at the time, correct?
 2 A. Yes, that's correct.
 3 Q. And you were bringing USEM's supply adjustment program to
 4 the UEP, correct?
 5 A. Correct.
 6 Q. And by supply adjustment program, you meant a program to
 7 reduce the number of eggs being produced by Cal-Maine and its
 8 competitors and sold to the market, correct?
 9 A. Yes.
 10 Q. The reason for the supply reduction program was to raise
 11 the price of eggs, correct?
 12 A. Possibly. You know, this was after Easter. We -- the
 13 lowest demand period of the year.
 14 Q. So after Easter, you wanted Cal-Maine and its competitors
 15 to reduce the number of hens that were laying eggs to be sold
 16 in the United States, correct?
 17 A. Correct.
 18 Q. And this program that you advocated for called for you and
 19 your competitors to conduct an early molt, correct?
 20 A. Correct.
 21 Q. And it called on you and your competitors to slaughter
 22 their hens early, correct?
 23 A. Correct.
 24 Q. For five consecutive weeks, correct?
 25 A. Right.

Baker - direct by Fox

1184

1 A. Correct.

2 Q. We talked about Urner Barry a little bit, and I just want

3 to remind the jury of what that is.

4 The Urner Barry is an index almost like a stock price

5 in the Dow Jones that would go up and down, and you could buy

6 eggs at that price that was being offered, correct?

7 Do you have a better analogy? I just came up with

8 one during the break.

9 A. Urner Barry is a market reporting service that's been in

10 business for over 150 years. It quotes eggs, milk, shrimp,

11 salmon, dairy products, and eggs. And they report them on a

12 daily basis. And most of the eggs in the U.S. are sold off

13 the Urner Barry market, Urner Barry index.

14 Q. Now, Mr. Baker, we've discussed the short-term measures

15 and export programs by the UEP and USEM that Cal-Maine and

16 other egg producers agreed to participate in in 1999 and 2000.

17 I now want to talk to you what happened with prices

18 of eggs in 2000. If we can show you Exhibit 241.

19 MR. FOX: Your Honor, may I approach?

20 THE COURT: You may.

21 BY MR. FOX:

22 Q. I'm giving you a two-page document that is double-sided.

23 A. Thank you.

24 (Document tendered.)

25 BY MR. FOX:

Baker - direct by Fox

1185

1 Q. Mr. Baker, when you've had a chance to review it, just

2 please let me know if this is a letter that Mr. Gregory wrote

3 to the UEP marketing and price discovery committee members and

4 other egg producers on December 20th of 2000.

5 A. I've reviewed it.

6 Q. And is it accurate that this is a letter that Mr. Gregory

7 wrote to those entities and those people in December 20th of

8 2000?

9 A. I believe so, yes, sir.

10 MR. FOX: Your Honor, I move for the admission of

11 241.

12 THE COURT: Any objection?

13 MS. SUMNER: Not here, Your Honor.

14 MR. COLLINS: One second, Your Honor.

15 (Brief pause.)

16 MR. COLLINS: No objection.

17 THE COURT: It's admitted.

18 (Plaintiffs' Exhibit No. 241 was received in evidence.)

19 THE COURT: You can publish to the jury.

20 MR. FOX: Thank you, Your Honor.

21 BY MR. FOX:

22 Q. And showing you the top where it says the "To" line,

23 again, from Mr. Gregory to these committees that you chaired,

24 the UEP marketing and price discovery committee members.

25 Do you see that?

Baker - direct by Fox

1186

1 A. I do.

2 Q. And that's your name? Dolph Baker is the first one

3 listed?

4 A. That is my name.

5 Q. We also see Ken Looper, numbers guy at Cal-Maine?

6 A. Yes, sir.

7 Q. And then we see also Larry Seger of Wabash Valley?

8 A. Yes, sir.

9 Q. All right. And I'd like you to read the first three

10 paragraphs of this document.

11 A. "It has been an unbelievable year. We began the year

12 forecasting monthly egg prices below each month of the

13 previous year. We estimated that egg producers would lose 8

14 cents per dozen during the year. With those forecasts, many

15 companies would lose considerable equity and some would not

16 survive.

17 "What caused it to turn around? Many will say that

18 individual company losses and industry economics forced a

19 turnaround. This, in my opinion, is only partially true.

20 Without a plan of action, companies would have hung in there

21 waiting for someone else to go broke. Without a plan, the

22 price discovery system would still be outdated and still

23 several cents per dozen below the actual cost to convert a

24 nest run egg into a carton egg.

25 "It was those of you serving on the UEP marketing

Baker - direct by Fox

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1 committee that made reasonable recommendations of reducing the

2 flock size and reducing the chick hatch. The industry

3 followed your recommendations and adjustments were made

4 without anyone going broke."

5 Q. Mr. Baker, it discusses a plan of action that companies

6 had taken. Those were your plans of action, correct?

7 A. Recommendations.

8 Q. Well, it says "plan of action." I'm talking about the

9 words used here.

10 A. But recommendation is a plan of action.

11 Q. I don't see the word "recommendations." Are you --

12 A. "Without a plan of action" is what it says, yes, sir.

13 Q. All right. And, again, just focusing on those words, that

14 was your committee's plan of action, correct?

15 MR. COLLINS: Judge, objection. These are not his

16 words.

17 THE COURT: Sustained.

18 Why don't you rephrase the question.

19 BY MR. FOX:

20 Q. Mr. Baker, you understand Mr. Gregory to be saying that

21 your marketing committee's plan of action allowed companies to

22 not go broke and make a profit, correct?

23 A. In his opinion, yes, sir.

24 Q. And those recommendations included the early slaughter and

25 forced molting of hens, correct?

Baker - direct by Fox

1188

1 A. They did, yes, sir.

2 Q. Now, let's go to the top of the second page.

3 Can you please read the paragraph that's highlighted.

4 A. "It was those of you that are United States Egg Marketers,

5 USEM members that supported the export efforts during the

6 later part of the year. You helped reduce the domestic

7 supply."

8 Q. And let's then look at what Mr. Gregory writes about what

9 his opinion is about who's responsible for the turnaround.

10 A. Do you want me to read it?

11 Q. Please.

12 A. "So it is in my opinion that you are responsible for this

13 turnaround. Your actions resulted in every egg producer

14 realizing a major increase in revenue (cash flow).

15 Unfortunately, only a few producers will know what caused this

16 turnaround. So pat yourself on the back. Take a look at the

17 numbers on the attached page."

18 Q. Now, you understand Mr. Gregory to be saying that you,

19 meaning the marketing and price discovery committees, are

20 responsible for this turnaround, correct?

21 A. In his opinion, yes, sir.

22 Q. You understand that that's what he's saying, though,

23 correct?

24 A. That's what he's saying in his opinion.

25 Q. Thank you.

Baker - direct by Fox

1189

1 Now, let's look at the attached page. It lists

2 actions that were taken by UEP's marketing price discovery and

3 USEM's export committees during the year 2000.

4 Do you -- can you please read what's bolded there

5 underneath the headline.

6 A. "Actions taken by UEP's marketing, price discovery and

7 USEM's export committees during the year 2000 have had a

8 dramatic impact upon the financial condition of the shell egg

9 industry."

10 Q. You personally served on all of these committees, correct?

11 A. Yes, sir.

12 Q. And this document lists the differences in the Urner Barry

13 prices for large eggs from 1999 to 2000.

14 Do you see that?

15 A. I do.

16 Q. Let's highlight that chart.

17 So this -- this chart shows the differences in month

18 for one of the Urner Barry egg quotes as the large egg quote

19 for the northeast, right?

20 A. Yes, sir.

21 Q. And it lists what the price difference was between 1999

22 and 2000, and it increased, correct?

23 A. Yes, sir.

24 Q. Listed what happened in the change in price from August to

25 December of those years, correct?

Baker - direct by Fox

1190

1 A. Correct.

2 Q. And the price difference went from a 5-cent increase

3 comparing August to August of 2000 to 1999 to a 26-cent

4 increase for the price of a dozen eggs by December of --

5 comparing December of 2000 to 1999, correct?

6 A. That's what it says, yes, sir.

7 Q. And then if we look at the next paragraph, Mr. Gregory

8 calculated that the price difference he attributes to the UEP

9 committees and USEM exports resulted in a conservative

10 estimate of more than 209 million in increased revenue for egg

11 producers based on prices going up in the U.S. for eggs,

12 correct?

13 A. Yes, sir, that's his estimate.

14 Q. And at this point, multiplying 209 million by -- do you

15 still have about 7 percent of the market?

16 A. I believe close to that, yes.

17 Q. Close to that. So we're talking about \$14 million that

18 would be increase in revenue based on his numbers, correct?

19 A. Based on his numbers, correct.

20 Q. And this was an estimate that he had come up with before

21 the month of December had concluded, correct? We can show you

22 the entire document if that would be easier.

23 A. Yes, sir, I believe that's correct.

24 Q. Okay. So it turned out that December's price increase was

25 actually more than 26 cents a dozen; isn't that right?

Baker - direct by Fox

1191

1 A. I don't know. I don't remember.

2 Q. Let me show you Exhibit 405.

3 MR. FOX: Your Honor, may I approach?

4 THE COURT: You may.

5 BY MR. FOX:

6 Q. And this is a four-page *United Voices* that I'm approaching

7 you with, Exhibit 405.

8 This is *United Voices* for February 19th of 2001; is

9 that correct?

10 A. Yes, sir.

11 MR. FOX: Your Honor, I move for the admission of

12 Exhibit 405.

13 THE COURT: Any objection?

14 MR. COLLINS: No objection.

15 MS. SUMNER: No objection.

16 THE COURT: It's admitted. You can publish to the

17 jury.

18 (Plaintiffs' Exhibit No. 405 was received in evidence.)

19 BY MR. FOX:

20 Q. Now, if we look at this *United Voices* again on

21 February 19th, let's go to Page 2.

22 Mr. Gregory, after touting the same thing we were

23 just talking about in *United Voices*, he provides a chart of

24 the increased price of eggs at the end of the year; is that

25 correct?

Baker - direct by Fox

1200

1 A. Yes, sir.

2 Q. Okay. This talks about you and Mr. Gregory submitting for

3 the committee's consideration recommendations of an action

4 plan. And you spoke to Mr. Gregory ahead of this meeting in

5 order to come up with that action plan, correct?

6 A. Obviously, yes.

7 Q. All right. And Mr. Looper, who was still an executive and

8 board member with Cal-Maine and chairman of the UEP, he was

9 the one who in fact offered a plan.

10 MR. FOX: If we can show that portion of the

11 document.

12 Can we actually go to the bottom of the first page.

13 BY MR. FOX:

14 Q. He would offer both a short-term and long-term plan; is

15 that correct, Mr. Baker?

16 A. That's what it says, yes, sir.

17 Q. All right. And let's look at the motion that he offered.

18 Mr. Looper, by the way, consistently stated to UEP

19 members that less hens meant better prices, correct?

20 A. I remember him making that comment, yes.

21 Q. And the short-term plan was to have egg producers dispose

22 of old flocks four weeks earlier than scheduled for a period

23 of about four months, correct?

24 A. Yes, 16 weeks.

25 Q. And if a producer disposed of hens the way described by

Baker - direct by Fox

1201

1 this plan, of course, it would reduce egg supply during that

2 same time period, correct?

3 A. Yes, sir.

4 Q. And at the same time, this would reduce the supply shortly

5 before high-demand Thanksgiving and Christmas holidays,

6 correct?

7 A. Yes, sir.

8 Q. Meaning the intent here was for supplies to go down while

9 demand was going up, correct?

10 A. Yes, sir.

11 Q. And just based on the law of supply and demand, this would

12 increase the price of eggs, correct?

13 A. Yes, sir.

14 Q. Now, the short-term plan was to have egg producers molt

15 hens at 62 weeks of age for about four months as well,

16 correct?

17 A. Yes, sir.

18 Q. And the long-term plan proposed by Mr. Looper was for UEP

19 member egg producers to reduce the average age of their flock

20 by two weeks for a period of three years, correct?

21 A. That's what it says.

22 Q. And this would be done by egg producers slaughtering hens

23 two weeks earlier than planned for three years, correct?

24 A. Yes, sir.

25 Q. And this motion carried unanimously, correct?

Baker - direct by Fox

1202

1 A. That's right, yes, sir.

2 Q. Meaning you, Mr. Looper, and all of the other egg

3 producers on your marketing committee agreed to approve this

4 plan, correct?

5 A. Yes, sir.

6 Q. Your committee instructed Mr. Gregory to set the program

7 up by first communicating to the membership the seriousness of

8 the problem, correct?

9 A. Educate the industry, yes, sir.

10 Q. And the seriousness of the problem meant that there were

11 too many hens producing too many eggs for your liking,

12 correct?

13 A. Industry losses, yes, sir.

14 Q. This wasn't the only plan your committee discussed.

15 MR. FOX: Going back to Page 1, please.

16 BY MR. FOX:

17 Q. I want to highlight the part about what Mr. Riebli stated.

18 Can you please read that for the jury.

19 A. "Arnie Riebli questioned whether it was time to call for

20 mandatory implementation of the industry animal welfare

21 guidelines. Were the guidelines in effect, this would take

22 care of the overproduction."

23 Q. He was informing you and other members of the UEP on that

24 marketing committee that mandatory implementation of the UEP

25 animal welfare guidelines would cause egg farmers to produce

Baker - direct by Fox

1203

1 fewer eggs, correct?

2 A. That was his opinion, yes, sir.

3 Q. And at this point in time, the Scientific Advisory

4 Committee had come up with its recommendations, correct? This

5 is the independent group?

6 A. I believe that's correct.

7 Q. But the UEP Certified Program didn't exist yet, did it?

8 A. Not until 2002, I believe.

9 Q. And this is in June of 2001, correct?

10 A. Well, there was a welfare program in 2020 that very few

11 adopted, but yes, sir.

12 Q. It didn't contain a certified program like 2002 did,

13 correct?

14 A. No, sir, it did not.

15 Q. It didn't require members of UEP to sign up for the

16 program in order to get a certified seal, correct?

17 A. Correct.

18 Q. Your committee continued to ask UEP members to control the

19 supply of eggs later in 2001, before the animal welfare

20 guidelines were instituted as a certified program, correct?

21 A. Try to keep supply/demand in balance, yes, sir.

22 Q. Meaning by reducing the supply of eggs as an industry,

23 correct?

24 A. Yes. If we were losing money, correct.

25 Q. Now, Mr. Baker, you understand that losing money is not a

Baker - direct by Fox

1228

1 correct?

2 A. Correct.

3 Q. And it shows that it can range from a 23 -- in a

4 high-demand period, a 23-cent price per dozen egg increase to

5 a low of a 15-cent price per dozen decrease, correct?

6 A. Correct.

7 Q. And the low period time is similar, but somewhat reversed

8 where it goes from plus 16 to minus 23, correct?

9 A. Yes, sir.

10 Q. Now, Cal-Maine itself could have slaughtered 5 million

11 hens to achieve that 23-cent price increase for the industry,

12 couldn't it?

13 A. No, sir.

14 Q. Why not?

15 A. We couldn't take care of our customer.

16 Q. Okay. So Cal-Maine needed the industry to remove 5

17 million hens from the market in order to achieve that 23-cent

18 price increase, correct?

19 A. Yes, the industry needed that kind of adjustment.

20 Q. Cal-Maine agreed to participate in this crisis management

21 plan with many other egg producers, correct?

22 A. Yes, sir.

23 Q. Okay. I'm going to show you now Exhibit 333.

24 MR. FOX: May I approach the witness, Your Honor?

25 THE COURT: You may.

Baker - direct by Fox

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1 THE WITNESS: Thank you, sir.

2 BY MR. FOX:

3 Q. Mr. Baker, that's a two-page document that shows your

4 commitment to this crisis management plan; is that correct?

5 A. Yes, sir.

6 MR. FOX: Your Honor, I move for the admission of

7 Exhibit 333.

8 THE COURT: Any objection?

9 MR. COLLINS: No objection.

10 THE COURT: It's admitted.

11 MS. SUMNER: No objection.

12 (Plaintiffs' Exhibit No. 333 was received in evidence.)

13 THE COURT: You can publish to the jury.

14 MR. FOX: Thank you, Your Honor.

15 BY MR. FOX:

16 Q. Let's focus first on -- we've seen this document in your

17 last packet, the crisis management plan, a similar document.

18 Let's focus on the second page for a second.

19 You signed this --

20 MR. FOX: If we can blow this up.

21 BY MR. FOX:

22 Q. -- saying I'm a participant and, yes, my company will

23 participate in the voluntary crisis management plan. My

24 company will molt and dispose of my hens early as recommended.

25 And that's your signature and your company, correct?

Baker - direct by Fox

1230

1 A. Yes, it is.

2 Q. And you faxed this to Gene Gregory to let UEP know that

3 you were committed to the plan, correct?

4 A. Yes, I did.

5 Q. Okay. And let's look at the first page again. Many of

6 your competitors, if you look at the bottom part of the page,

7 had already agreed to sign up for the plan at the same time

8 you submitted your written agreement, correct?

9 A. That's what it appears, yes, sir.

10 Q. So this is just an early look at who was committed to the

11 plan; is that right?

12 A. Yes, sir.

13 Q. And Cal-Maine is listed as one of them?

14 A. Yes, sir, we are. We were going to do it whether anybody

15 did it or not.

16 Q. But you wanted your competitors to do it with you?

17 A. We wanted everyone to do it to get our supply/demand

18 balance back in -- back in balance.

19 Q. And you let your competitors know that it was your

20 strategy at this point to reduce the number of hens that you

21 had, correct?

22 A. Correct.

23 Q. And you let your competitors know that this was your plan

24 in order to have more competitors sign up to do it as well,

25 correct?

Baker - direct by Fox

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1 A. You know, people would sign up and not follow the plan,

2 but we were going to follow the plan. We signed up. We were

3 going to do what was in the best interests of our company.

4 Q. The reason why you let your competitors know that you had

5 signed up for the plan is because you wanted your competitors

6 to also sign up for the plan, correct?

7 MR. COLLINS: Judge, objection. Asked and answered.

8 THE COURT: Overruled.

9 BY THE WITNESS:

10 A. Yeah, we were transparent. We were going to do the plan.

11 BY MR. FOX:

12 Q. Mr. Baker, do you understand my question?

13 A. Ask it again, please.

14 Q. The reason why you told your competitors that you were

15 engaged in the plan is because you wanted your competitors to

16 also participate in the plan, correct?

17 A. We were hoping they would.

18 Q. That was your hope?

19 A. Yes, sir.

20 Q. Mr. Baker, a few minutes ago we discussed Mr. Riebli's

21 comments in the June 2001 UEP marketing committee meeting

22 about taking care of the overproduction problem by making the

23 animal welfare guidelines mandatory.

24 Do you remember that?

25 A. I do.

Baker - direct by Fox

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1 THE COURT: All right. All right. It's admitted.
 2 You can publish to the jury.
 3 (Plaintiffs' Exhibit No. 581 was received in evidence.)
 4 MR. FOX: Thank you, Your Honor.
 5 BY MR. FOX:
 6 Q. And focusing on the headline article, the lead story,
 7 "Should We Be Concerned?" from April 22nd of 2004.
 8 Mr. Gregory, if we can just focus on that article, it
 9 is talking about how the industry was profitable for 20
 10 months, but now there are some declines in the egg market,
 11 quote, correct?
 12 A. That's correct.
 13 Q. And what he's referring to is the Urner Barry quote for
 14 the price of eggs, correct?
 15 A. Yes, sir.
 16 Q. All right. And he asks in the last sentence there, "Is it
 17 time to consider corrective actions that will help sustain a
 18 profitable business?" Correct?
 19 A. Correct.
 20 Q. And he listed two ways that producers could help correct
 21 the downward slide. Do you see it?
 22 A. Yes, sir, I do.
 23 Q. And what were those two ways?
 24 A. Dispose of old flocks four weeks earlier than has been
 25 done in the past 20 months, and return to your normal molt

Baker - direct by Fox

1341

1 schedule that was used prior to the past 20 months.
 2 Q. This was the first time since the certified program began
 3 that the UEP had advocated for the early slaughter or the
 4 early molt of hens, correct?
 5 A. I believe that's correct.
 6 Q. Mr. Baker, I'm now going to show you Exhibit 153.
 7 MR. FOX: May I approach, Your Honor?
 8 THE COURT: You may.
 9 BY MR. FOX:
 10 Q. Mr. Baker, these are the May 10, 2004 UEP marketing
 11 committee minutes, is that correct?
 12 A. Correct.
 13 MR. FOX: I move for the admission of Exhibit 153.
 14 THE COURT: Any objection?
 15 MR. COLLINS: No objection.
 16 MS. SUMNER: No objection.
 17 THE COURT: It's admitted. You can publish to the
 18 jury.
 19 MR. FOX: Thank you, Your Honor.
 20 (Plaintiffs' Exhibit No. 153 was received in evidence.)
 21 BY MR. FOX:
 22 Q. Focusing on top of this document, again, the marketing
 23 committee minutes, you are the chairman of this committee
 24 still at this point in time, is that correct?
 25 A. That is correct.

Baker - direct by Fox

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1 Q. And you personally addressed the downward slide of the egg
 2 industry at this point, correct?
 3 A. Yes, sir.
 4 Q. And can you please read the highlighted portion?
 5 A. "He suggested that the industry only needed to take minor
 6 adjustments that would help assure of a profitable second half
 7 of the year and asked if the committee was ready to make any
 8 recommendations."
 9 Q. And by "industry," you meant the entire egg industry,
 10 correct?
 11 A. That's correct.
 12 Q. And by "minor adjustments," you meant that the egg
 13 industry should reduce their flock size by a small amount,
 14 correct?
 15 A. That's correct.
 16 Q. And that would cause there to be fewer eggs on the market,
 17 correct?
 18 A. Correct.
 19 Q. And the marketing committee passed a motion to recommend
 20 to the UEP board of directors an industry action plan,
 21 correct?
 22 A. Yes, sir.
 23 Q. And it called on flocks to be molted at 62 weeks of age
 24 and hens to be disposed of at 108 weeks of age, correct?
 25 A. Correct.

Baker - direct by Fox

1343

1 Q. And you wanted this to occur over a period of a few
 2 months, correct?
 3 A. Correct.
 4 Q. And you moved to have the board of directors of the UEP
 5 adopt the recommendations the very next day, correct?
 6 A. I believe that's correct.
 7 Q. All right. I'm going to show you Exhibit 402.
 8 MR. FOX: Your Honor, may I approach?
 9 THE COURT: You may.
 10 BY MR. FOX:
 11 Q. Mr. Baker, these are the board of director meeting minutes
 12 from May 11th to 12th of 2004, the very next day, correct?
 13 A. That's correct.
 14 Q. Thank you.
 15 MR. FOX: I move for the admission of Exhibit 402.
 16 THE COURT: Any objection?
 17 MR. COLLINS: No objection.
 18 MS. SUMNER: No, Your Honor.
 19 THE COURT: Admitted.
 20 (Plaintiffs' Exhibit No. 402 was received in evidence.)
 21 BY MR. FOX:
 22 Q. This was an in-person meeting in Washington, DC,
 23 Mr. Baker?
 24 A. Yes, sir.
 25 Q. And you were there and so was Steve Storm on behalf of

Baker - direct by Fox

1344

1 Cal-Maine, correct?

2 A. Yes, sir.

3 Q. And Ky Hendrix and Marcus Rust were there on behalf of

4 Rose Acre, correct?

5 A. That's what the minutes show.

6 Q. And Terry Baker -- well, you've no reason to doubt the

7 minutes, do you, Mr. Baker?

8 A. I don't.

9 Q. Terry Baker from Michael Foods also attended the board

10 meeting?

11 A. Yes, sir.

12 Q. And let's look at the bottom of page 2 under "Marketing

13 Committee." You presented the marketing committee report to

14 the board of directors, correct?

15 A. Yes, sir.

16 Q. And you then submitted a motion yourself, correct?

17 A. That is correct.

18 Q. All right. I'd like you to read under "Marketing

19 Committee" what it says, including the motion.

20 A. "Committee Chairman Dolph Baker presented the committee

21 report and identified pending problems for the financial

22 stability of the industry if some minor supply adjustments

23 were not made very quickly. He submitted the following

24 motion:

25 Motion: It was moved by Baker and seconded by Fortin

Baker - direct by Fox

1345

1 to recommend that the industry molt all flocks at 62 weeks and

2 dispose of spent hens by 108 weeks, and this plan -- and that

3 this plan of action take place immediately and carry through

4 until August 1 of 2004. Motion carried."

5 Q. All right. And when the board of directors and the

6 committees voted on something and there was dissent, you would

7 see the number of no votes, correct?

8 A. Yes, sir.

9 Q. And here by showing "Carried," it means that this motion

10 was unanimous, correct?

11 A. You know, the marketing committee didn't always take their

12 recommendations to the board. But I assume this is correct.

13 Q. Well, this is the board -- you took it to the board here?

14 A. We did.

15 Q. And this "carried" means that the board passed it

16 unanimously, correct?

17 A. I can't speak to that. I don't know.

18 Q. Well, let's go to the very next page of the document. And

19 do you see in the middle of the page, it says -- and the issue

20 doesn't matter for these purposes, but this prompted a

21 follow-up motion. And it says, "Motion carried with three

22 voting in opposition." Do you see that?

23 A. I do.

24 Q. So in this instance, there was a note that there was

25 opposition. But in the earlier vote related to your marketing

Baker - direct by Fox

1346

1 committee, there was no note of opposition, correct?

2 A. Correct.

3 Q. All right. Going back to the previous page, you asked

4 Gene Gregory to give his assessment of current conditions and

5 projections in the future, correct?

6 A. Yes, sir.

7 Q. And these projections from Gene Gregory, were they based

8 on Don Bell or were they based on Ken Looper's projections?

9 A. I don't know.

10 Q. For those egg producers who were not members of the board,

11 you relied on UEP to inform them of your recommendation,

12 correct?

13 A. Correct.

14 Q. I'd like to show you Exhibit 151.

15 MR. FOX: Your Honor, may I approach?

16 THE COURT: You may.

17 BY MR. FOX:

18 Q. Mr. Baker, this is a one-page document with writing on

19 both sides, correct?

20 A. Yes, sir.

21 Q. And it's what's an urgent notice from UEP to UEP members,

22 correct?

23 A. Correct.

24 MR. FOX: Your Honor, I move for the admission of

25 151.

Baker - direct by Fox

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1 THE COURT: Any objection?

2 MS. SUMNER: No objection.

3 MR. COLLINS: No objection.

4 THE COURT: Admitted. You can publish.

5 MR. FOX: Thank you, Your Honor.

6 (Plaintiffs' Exhibit No. 151 was received in evidence.)

7 BY MR. FOX:

8 Q. Mr. Baker, on the left-hand side, it states that you are

9 the first vice chairman of UEP at the time, is that correct?

10 A. That's correct.

11 Q. And this is drafted on May 14th and written to all UEP

12 members as a written notice. Do you see that?

13 A. I do.

14 Q. I'd like you to read the text under "Urgent Notice."

15 A. Which part?

16 Q. "Are you concerned."

17 A. "Are you concerned with the recent rapid declining egg

18 prices and rising feed cost considerably above a year ago? If

19 so, you can change egg prices by making just a few minor

20 adjustments in your production practices.

21 After having experienced the most profitable two-year

22 period on record, egg prices fell sharply to levels below the

23 costs of production (for most producers)."

24 Q. And right there, Mr. Baker, the two-year period, the most

25 profitable two-year period on record, we're talking about 2002

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Rust, Marcus

March 5, 2014

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IN THE DISTRICT COURT OF
WYANDOTTE COUNTY, KANSAS
TWENTY-NINTH JUDICIAL DISTRICT

ASSOCIATED WHOLESALE GROCERS, |
INC., et al., |
Plaintiffs, | Case No.
| 10CV2171
UNITED EGG PRODUCERS, et al., |
Defendants. |

HIGHLY CONFIDENTIAL

Washington, D.C.

March 5, 2014

The deposition of MARCUS RUST
was convened on Wednesday, March 5, 2014,
commencing at 9:25 a.m., at the offices of
Porter Wright, 1900 K Street, Northwest
Washington, D.C., before Paula G. Satkin,
Registered Professional Reporter and Notary
Public.

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Rust, Marcus

March 5, 2014

3

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March 5, 2014

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1 document?

2 **A. I remember seeing it. I can't**
 3 **qualify when and where.**

4 Q. If you would, it identifies some
 5 of the benefits over on the second page, it
 6 says, because UEP's voice has been heard and
 7 many major accomplishments have occurred over
 8 the last 25 years, accomplishments such as, and
 9 the first one is, offered voluntary supply,
 10 demand, and price discovery programs. Do you
 11 see that?

12 **A. Yeah.**

13 Q. Now, you understood before you
 14 joined UEP that they were engaged in coordinated
 15 activities that restricted the supply of eggs to
 16 boost prices; correct?

17 MR. BARNES: Object to the form of
 18 your question.

19 THE WITNESS: Repeat your
 20 question.

21 MR. STUEVE: Read it back.

22 (The record was read as

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March 5, 2014

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1 was coordinating egg producers to restrict the
 2 supply of eggs to boost prices?

3 **A. We were suspicious.**

4 Q. And another thing that you were
 5 suspicious of is that in fact they were using
 6 the animal welfare or certified program as a way
 7 to reduce the supply of eggs and boost prices;
 8 correct, sir?

9 **A. No.**

10 MR. BARNES: Object to form.

11 BY MR. STUEVE:

12 Q. You didn't have that suspicion,
 13 sir?

14 **A. I didn't have that suspicion of**
 15 **that program.**

16 Q. No one at Rose Acre had that
 17 suspicion?

18 MR. BARNES: Object to form.

19 THE WITNESS: No.

20 BY MR. STUEVE:

21 Q. You were aware or certainly had
 22 suspicions?

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1 requested.)

2 THE WITNESS: Because we were not
 3 members, I have no idea what they engaged in.
 4 We only had what they suspected and heard that
 5 they did.

6 BY MR. STUEVE:

7 Q. And one of the suspicions is that
 8 they were coordinating egg producers to restrict
 9 the supply of eggs?

10 **A. If you got sued three times, would**
 11 **you think that they were coordinating against**
 12 **you?**

13 Q. Let me ask my question. Is one of
 14 the things that you were --

15 **A. You don't understand, I am pissed**
 16 **about being drug into this God damn lawsuit when**
 17 **we done nothing. Nothing.**

18 Q. Mr. Rust, you'll need to relax and
 19 if you just answer my questions, sir.

20 **A. Okay.**

21 Q. Is one of the things that you were
 22 suspicious of, prior to joining UEP, is that UEP

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1 **A. Let me restate. There was family**
 2 **members that were very suspicious of the whole**
 3 **thing, but --**

4 Q. And the reason why they were
 5 suspicious is that they believed it was --

6 **A. Of what had happened to us in the**
 7 **past.**

8 Q. They believed that under the guise
 9 or the pretense of animal welfare, they were
 10 restricting the supply of eggs to boost prices;
 11 correct, sir?

12 MR. BARNES: Objection.

13 THE WITNESS: You have to repeat
 14 your question.

15 MR. STUEVE: Can you read it back?

16 (The record was read as
 17 requested.)

18 MR. BARNES: Same objection.

19 THE WITNESS: Repeat it, please.

20 (The record was read as
 21 requested.)

22 THE WITNESS: Who is they?

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EXHIBIT 268



UNITED VOICES

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April 19, 1999

Highlights Of This Issue

- ◆ **HEN DISAPPEARANCE**
- ◆ **LEGISLATIVE MEETING**
- ◆ **"5-STAR" OPTIONS**

HEN DISAPPEARANCE – KEY TO PROFITS

Editorial by: Ken Looper -- UEP Chairman

The key to profitable prices the last half of 1999 is the number of old hens that disappear between now and December 31, 1999. The total disappearance is made up of:

- * U.S. Slaughter
- * Canadian Slaughter
- * Rendering and Other
- * Normal Mortality

In order to have a hen inventory on December 31st of 266.3 million, (3 million over December 31, 1998); the industry needs to have a total disappearance of old hens of 201.1 million. The number of hens removed over or under this number of 201.1 million will determine the level of profits for 1999.

The number of 18 to 20 week old pullets entering the flock during 1999 has pretty well been determined by chick placements, eggs in incubators and pullet chick bookings.

So far, this year (1999), each one million more birds than last year has amounted to ½ cent less average price. We have been very fortunate to have generated an improved demand by the consumer at retail. Over the past 5 years this has enabled the industry to increase the average flock size from 245 million hens in January 1995 to 263 million in March of 1999 at profitable prices. A big part of the credit for this increase in consumer demand is due to the research, advertising and promotion of AEB, plus the contributions of the Egg Nutrition Center in the scientific and medical areas as well as public relation campaign in health and food safety issues. We cannot overlook the demand created at the grassroots level by the state organizations and individual organizations advertising and promoting their branded products.

The export business the industry had in 1995 has been cut in half and so far in 1999 the breakers increase in volume is half of what it has been the past few years. Now is the time to concentrate hard on the supply side of our business.

Beginning this month we will keep score by publishing the actual hen disappearance compared to the objective that will determine the industry's level of profits. Let's all do our part and make our industry profitable for everyone.

**Actual Hen Disappearance versus Objective
Million Hens)**

Month	Monthly Actual	YTD Actual	YTD Objective	YTD (+ or -)
Jan.	15.7	15.7	15.7	0
Feb.	16.1	31.8	31.1	-0.7
Mar.			47.9	
Apr.			66.4	
May			85.7	
June			103.8	
Jul.			121.0	
Aug.			137.4	
Sep.			153.7	
Oct.			170.4	
Nov.			185.4	
Dec.			201.1	

***HAVE WE REALIZED THE YEAR'S
BEST PRICE PERIOD?***

Urner Barry's large quote for all regions averaged from 6 to 8 cents less per dozen during March 1999, than during March 1998. The Thursday quote following Easter this year averaged 5 cents less than it did the corresponding date in 1998.

Can the industry be profitable at prices below 70 cents per dozen? By adjusting the supply side of the business, we can make sure that prices are above the 70-cent level. Do your part in early molting and early slaughter.

LEGISLATIVE MEETING:

The Washington Court Hotel will be the site of UEP's Legislative Meeting on May 10-13th. In addition to a busy agenda of committee and board meetings, those attending will hear outstanding speakers, make congressional visits delivering position papers and two dozen eggs, participate in a regulatory reception and assist Congressmen in their cooking of omelets at the Congressional Omelet Luncheon.

This is the opportunity for egg producers and allied members to take their message on many important issues to their members of Congress. For the purpose of government relations, this is UEP's most important meeting of the year. Approximately 75 industry representatives are expected to attend. Anyone wanting to attend, that has not made reservations with the UEP office, please call as soon as possible.

EPA TOUR:

The report from UEP members joining the EPA representatives April 7th and 8th tour of egg production facilities in Ohio and Indiana is very favorable. It's believed that the EPA representatives were impressed with the manner in which these farms are able to contain the manure within the structure and therefore avoid any possible discharge. It is hoped that EPA will recognize, in the drafting of regulations, that most egg production facilities need not have a National Pollutant Discharge Elimination System (NPDES) permit.

***HUDSON BROTHERS ANNOUNCES
SALE:***

John Hudson, President of Hudson Brothers in Guthrie, Kentucky has announced that his company has entered into an agreement with Cal-Maine Foods in which Cal-Maine will acquire all the outstanding stock of Hudson Brothers. After acquiring the approximate 1.2 million laying hens from Hudson, it is expected that Cal-Maine will own nearly all the commercial egg production in the state of Kentucky.

UEP EGGS-CHANGE:

UEP's egg traders completed 155 trades for a total of 113,371 cases during March. Gene Gregory, UEP Senior Vice President said, *"We are really pleased with the positive attitude and professional image that our three (3) traders are providing. Their enthusiasm and hard work has resulted in as many trades as was previously done by five (5) UEP traders."*

UEP's Egg-Change Team:

Billie Jo Corell	800-854-5123
Chris Dixon	800-414-5765
Terry Oliver	800-805-3447

"5-STAR" PROGRAM OPTIONS:

UEP has entered into a preferred vender agreement with the NIPCAM Group headed by Dr. Maxcy Nolan III to provide an Integrated Pest Management program as a component of the "5-Star" Total Quality Assurance Program. Producers needing to purchase rodent and insect products or monitoring of their program are encouraged to call NIPCAM at 706-769-9824 for service.

Charles Johnson, Assistant Chief of USDA/AMS Grading Branch, has informed UEP that the branch is now prepared to provide third party verification services of the "5-Star" Program. This service is offered as an option to any producer who has implemented the provisions of the "5-Star" Total Quality Assurance Program and wants to have their program monitored by an outside source. For further information, you may call UEP or Charles Johnson direct at 202-720-3271.

UEP had previously announced an agreement with Megan Health to recommend the company's live S.E. vaccine as an added option to the "5-Star" Program. UEP has now expanded the recommendation to also include killed S.E. vaccines. The use of a vaccine is strictly voluntary and not a mandatory requirement of the "5-Star" program. As a result of these recommendations, UEP has written to FDA requesting their consideration for the following:

1. When conducting a traceback, would FDA end the traceback once records had confirmed the use of S.E. vaccines?
2. (or) If testing by FDA were necessary, would the investigation go directly to egg testing and eliminate the environmental test?

CHECK IT OUT ON THE INTERNET:

Have you looked at UEP's Home Page on the Internet lately? Check it out at www.unitedegg.org/ and you will find information including the following:

1. Information about UEP and the UEA Divisions
 2. Nationwide Egg Market Outlook
 3. UEP Completed Egg Trades
 4. UEP Bids and Offers for eggs
 5. Lee Schrader's Egg Price Memo
 6. Egg Statistics At a Glance
 7. Many other interesting reports and links.
-

SOUTHERN UEP TO LIQUIDATE STOCK:

Southern UEP completed the transfer of all their operations to UEP in October 1998 but not the cooperative assets. In closing out the business of SUEP, they are now contacting preferred stockholders for distribution of the assets. The SUEP Board of Directors and members have been tremendous supporters of UEP since 1969 and should be recognized for their contributions to the U.S. egg industry.

Those that have served as Chairman of SUEP during its tenure were:

C.B. Sledge	Bobby Anthony
Bill Owens	Fred Adams
Maurice Pickler	Jack Dubose
Blanton Smith Sr.	E.C. Hughes
Roland Coles	Ed Houston
Francis Riley	Wilbur Ivey
Emerson Gay	Ronald Braswell
Gene Sutherland	Russ Lind
Homer Hunnicutt	Charley Kammerdiener
John Ashby	Vince Booker
Wayne Mooney	

NORTH CAROLINA/VIRGINIA ANNUAL MEETING:

The North Carolina – Virginia Annual Egg Industry Conference and Mid-Atlantic Layer Conference is being held on June 16-18 at the Sands Ocean Club in Myrtle Beach, South Carolina. For further information contact Jan Dorsey at 919-319-1195.

RECOMMENDATION FOR NURSING HOMES:

The Health and Human Services agency that regulates nursing homes is being urged by FDA to issue guidelines to restrict the serving of raw shell eggs in long-term care facilities. FDA recommends that pasteurized eggs should be served to especially vulnerable populations as protection against the potential of human illness from Salmonella enteritidis.

RESPONSE TO SUPPLY ADJUST- MENT PLAN:

A rather large UEP egg producer member called the office to say his company was doing their part to reduce their egg production in response to UEP's recommended supply side adjustments. The company does not use molting as a production practice so they are selling off the two least productive flocks from each of their complexes.

Another member called to report that they had booked hens for sell early but the fowl buyer was pushing the load out dates back on them. They also reported that the fowl buyer was using the opportunity to charge for taking the hens instead of paying for the hens.

Even with UEP's recommended early molt and early slaughter, Don Bell is now forecasting the year-end inventory to be 271.9 million egg-type laying hens. Looks like we have a lot of work to do to meet the goals of hen disappearance suggested by Ken Looper.

PRICE DISCOVERY COMMITTEE:

UEP's Shell Egg Marketing and Price Discovery Committee has scheduled a meeting with Rick Brown during the Uner Barry Conference in Las Vegas. The major point of discussion will be to determine the method that Uner Barry uses in establishing the nest run quotes and how this differs from the method used by UEP. UEP has for many years issued a nest run quote for all classes and reported this on Tuesday and Thursday of each week. For most of these years, the UEP quotes were approximately 1 cent per dozen higher than Uner Barry's quote. In the past couple of years this spread has widen to approximately 2.5 cents per dozen.

EASTER PRICE HISTORY

While we can predict that the pre-Easter weeks will always result in an increase in volume movement of eggs, it is not always certain that the price level will dictate profits. On occasion producers have been overly prepared for Easter. The UEP Production Planning Calendar tells us that the 10 year Demand index for Easter week is 152%, ie, 52% higher than the average week. It is the highest demand index week of the year. The following is a recap of Urner Barry SE large price as quoted on Easter Thursday for the past 10 years, compared to the average price for the year.

Year	Pre-Easter Lg. Price	Pre-Easter Inventory	Easter Lg. Price	Post-Easter Lg. Price	Post-Easter Inventory	Annual Ave. Price
1999	85	851	72	65	599	
1998	90	917	74	72	564	80
1997	96	746	100	83	504	85
1996	98	811	98	89	456	92
1995	71	756	71	69	545	71
1994	80	856	71	69	545	71
1993	95	875	80	79	481	76
1992	67	736	70	70	339	69
1991	98	807	88	80	445	81
1990	92	752	82	79	423	85

UEP Nationwide Egg Market Outlook

NEST RUN QUOTE: 04/15/99	MW	CHG	SE	CHG	SC	CHG	NE	CHG
CLASS 1	39	NC	39	NC	41	NC	40	NC
CLASS 2	37	NC	38	NC	39	NC	38	NC
CLASS 3	31	NC	31	NC	34	+3	31	NC
CLASS 4	24	NC	25	NC	26	NC	26	NC
NEST RUN BREAKING STOCK	29	NC	29	NC	29	NC	29	NC
WEST COAST:USDA REPORTED ASKING PRICE FOR WEEK OF APRIL 12,1999								
	CALIFORNIA		CHG					
JUMBO	91		-7					
EXTRA LARGE	86		-7					
LARGE	80		-7					
MEDIUM	71		-2					
SMALL	51		-2					

During the last 13 years this newsletter has recapped changes in some pre-Easter conditions. The prices are those quoted on the Thursday following the Monday Inventory date. An added factor is the date of Passover. Statistics suggest that the closer Easter/Passover the better the movement. This year Passover began March 31/Easter was April 4.

TABLE 1

1998	2-Mar	9-Mar	16-Mar	23-Mar	30-Mar	EASTER	13-Apr
INVENTORY (CS)							
TABLE GRADE	707.6	777.3	879.4	956.9	1056.7	917.5	564.5
% CHANGE	3	11	13	9	10	-14	-39
BREAKING STOCK	417	394	402.7	383.8	369.5	383.7	379.6
% CHANGE	-3	-6	9	-5	-4	4	-1
GNR 1 - NE	60	63	63	63	63	49	47
GNR 1 - MW	60	65	65	65	60	50	47
GNR 1 SC	62	70	69	68	67	52	46
GNR 1 SE	61	66	66	65	64	52	48
U/B LG - NE	82	87	87	87	87	75	71
U/B LG - MW	82	88	88	88	88	72	69
U/B LG - SC	86	90	90	90	90	74	72
U/B LG - SE	85	93	93	93	93	73	69
NRBS EASTERN	46	49	49	49	43	40	39
NRBS CENTRAL	48	50	50	50	42	39	37

TABLE 2

1999	25-Feb	4-Mar	11-Mar	18-Mar	25-Mar	EASTER	8-Apr
INVENTORY (CS)							
TABLE GRADE	771.6	847.8	908.7	969.4	994	851.6	599.6
% CHANGE	4	10	7	7	3	-14	-33
BREAKING STOCK	405	413.7	396.5	375.8	381.8	369	369.7
% CHANGE	-3	2	-4	-5	2	-3	0
GNR 1 - NE	48	52	53	57	54	46	40
GNR 1 - MW	52	55	55	56	54	46	42
GNR 1 - SC	57	58	59	60	56	51	42
GNR 1 - SE	46	53	53	59	52	45	41
U/B LG - NE	73	75	79	83	83	70	65
U/B LG - MW	73	75	79	82	82	69	64
U/B LG - SC	78	80	82	85	85	72	67
U/B LG - SE	73	75	80	85	85	72	65
NRBS EASTERN	38	38	38	38	36	34	31
NRBS CENTRAL	42	42	42	38	34	33	30

EXHIBIT 386

**UEP ANNUAL BOARD MEETING
AND
EXECUTIVE CONFERENCE
OCTOBER 14-15, 1999 TUCSON, ARIZONA**

MINUTES

CALL TO ORDER: The meeting was called to order by **Chairman Ken Looper** at 7:30 AM on October 14th with the following members, staff, and guests being present:

MEMBERS:	Marv Anderson Dolph Baker Dennis Casey Butch DeVries Dan Gardner Doug Hoffer David Lathem Joe Maust Jr. Paul Osborne Vince Reina Garth Sparboe Rodney Wagner Craig Willardson	Coke Anderson Fred Adams Jim Cook Chris Dixon John Hammond Sharon Hohberg Carl Lofgren Willard Maust Anton Pohlmann Steve Rieger John Sperry Gary West Derek Yancy	Joe Arias Jim Brock Jim Dean Chuck Elste Steve Herbruck Ed Houston Ken Looper Galan Merrill Bill Rehm Tom Silva Dave Staples Jim West	Amon Baer Mike Bynum Roger Deffner Joe Fortin Tom Hertzfeld Bob Krouse C.J. Martin Michael Mills Bob Rehm Bob Sparboe Kent Tigges Barrie Wilcox
STAFF:	David Goldenberg Irving Isaacson Don McNamara Jill Snowdon	Randy Green Joanne Ivy Al Pope John Thorne	Chad Gregory Ken Klippen Lou Raffel	Gene Gregory Mike McLeod Dave Reesman
GUESTS:	Terry Ames Brett Bailey Don Bell Charles Bozman Pat Cauller Paul DeSchouwer Del Farrer Mark Friedow Jim Hull Matthew Kwasek Stephen Lees Hugh McConville Terry Pollard Gijs Schimmel Paul Swierzewski John Todd Phil Vobr Al Wenger	Alan Andrews Gary Bales Pete Block Rick Brown Mike Clay Brian Ellsworth Doug Flege Joe Haddy Jim Hunter Bob Langert Cindy Leonard Norm Patterson John Reddington Rod Smith Royce Tack Thalya Todd Jerry Warntjes Jeff Yeager	Jeff Armstrong Ted Barrow Dave Bossman Christine Bushway Jim Coble Craig England Jim Ford Paul Ham Willi Kallhammer Mark Lantz Rich Magoffin Robert Pierre Jeff Sellers Warren Stuk Max Thomas Ray Trent Jack Watford David Zacek	

CHAIRMAN'S OPENING COMMENTS: Chairman Looper thanked all the members, committees, and staff for all their contributions during the past year. He stated that this meeting was extremely important because of so many pressing issues that needed to be addressed including the current supply/demand problem – environment – animal welfare – food safety – and others. He reported that committee reports would be presented on each of the issues during the meeting.

MINUTES: Secretary Dave Staples presented the minutes of meetings held in May and July of 1999. **MOTION:** It was moved by Baer and seconded by Jim West to approve the minutes as presented. **CARRIED.**

SPECIAL GUEST REPORTS: Brian Ellsworth, Chairman of the International Egg Commission, reported on the recently completed IEC meeting. Lou Raffel, President of AEB reported on activities of AEB.

EGGPAC REPORT: Chairman Ed Houston reported on a successful EggPac campaign and thanked Coordinator Linda Reickard, for all her hard work in bringing about record contributions. Houston reported that all UEP Areas had reached or exceeded 100% of their goal and had in total collected \$64,373.00.

Houston also announced that an EggPac Raffel ticket had been drawn and the winner was Bob Hodges of Red Bird Egg Farm in Bear, Delaware. The winner received a \$2,000.00 travel certificate.

MOTION: Moved by Hoffer and seconded by Staples to commend Houston and Reickard as well as all Area and State Captains for their hard work in this successful campaign. **CARRIED.**

GOVERNMENT RELATIONS REPORT: Committee Chairman Doug Hoffer encouraged everyone to take the time to review the government relations document prepared by the UEP Washington staff, including UEP's comments on a number of issues. He stated that our UEP Washington staff has been busy the past three months filing comments on 12 federal initiatives, including FDA's proposed regulation on labeling and AMS's proposed regulation on eligibility requirements for voluntary shell egg grading programs. More proposed regulations are coming and our Washington team will address them. He submitted two (2) motions from the committee. They being:

MOTION: It was moved by Hoffer and seconded by Krouse that UEP join the National Council of Agricultural Employers at a cost of \$300.00 in supporting their efforts in seeking reforms in the H-2A Temporary Agriculture Workers Program. **CARRIED.**

MOTION: It was moved by Hoffer and seconded by Staples that UEP accept the 12 ways of improving egg safety as outlined in the Streamlined, Grading, and Inspection Farm-To-Table Program. **CARRIED.**

MARKETING COMMITTEE REPORT: Committee Chairman Dolph Baker and UEP Chairman Ken Looper presented a number of statistical reports showing a history of hen inventory and egg prices. They also reported on how other companies or industries had announced cutbacks to bring supply in balance with demand for their products. They suggested that if the egg industry did not voluntarily adjust the supply side of our business, very quickly, that prices would be at record low figures and all those producing eggs would realize severe financial losses. Joe Arias pleaded with the industry to only produce eggs for their markets and not be tempted to expand with hopes of taking accounts away from other producers. Following the discussion of supply/demand, the following motions were made:

MOTION: It was moved by Baker and seconded by Krouse that UEP submit a supply program to the members in which they may voluntarily participate. The program is to include the following:

1. To reduce each member's flock size by 5% as quickly as possible and to maintain this through July 1, 2000.
2. To immediately molt 5% of your flock.
3. To establish a committee to review, by no later than November 10th, a hatch reduction program.

MOTION: It was moved by Baker and seconded by Gary West that UEP staff communicate a program of responsible growth for the industry to companies that may be considering expansion by new construction.

Both motions carried with no opposition.

In regard to food safety issues, Committee Chairman Baker submitted the following motions:

MOTION: Moved by Baker and seconded by Jim Dean that UEP move forward in the direction and development of a National Streamlined Grading/Inspection/Quality Assurance Program. That UEP's Government Relations Committee take the leadership role in working with Federal Agencies and Congress to draft such a program. **CARRIED.**

MOTION: Moved by Baker and seconded by Carl Lofgren that a UEP Quality Assurance Committee be established to work on a National Streamlined Quality Assurance Program. **CARRIED.**

MOTION: Moved by Baker and seconded by Jim Dean that UEP's Government Relations staff express their concern to FDA regarding FDA's recent traceback to a farm that involved placing sanitation standards comparable to plant sanitation upon an egg production facility. **CARRIED.**

MEMBERSHIP REPORT: Chad Gregory presented the membership and member service report showing that 7 new UEP members and 3 new UEA Producer Packer members had been added since the last meeting. He reported that we now represent 224 UEP members, 8 UEA Producer Packer members and 46 UEA Allied members. He also presented a list of major prospects and urged all members to help in securing the membership of these prospects.

ANIMAL WELFARE COMMITTEE REPORT: Committee Chairman Jeff Armstrong presented the Scientific Advisory Committee's report detailing the challenges of the industry and the opportunities to write humane guidelines to address these challenges. He reported on the preliminary recommendations of the committee to address issues of molting, beak trimming, housing, space allocation, transportation, handling & euthanasia, and food safety. He stated that all recommendations would be based upon science and that the committee would meet again in February to hopefully complete their work at that time. He reported that a number of research projects needed to be undertaken to answer some questions and concerns.

ENVIRONMENTAL REPORT: UEP Consultant Dr. John Thorne reported on his work with EPA in drafting a General Permit XL Program for the egg industry to address EPA regulations of the Clean Water Action Plan.

FINANCE COMMITTEE REPORT: Treasurer Mike Bynum presented the August 31, 1999 financial report showing a net income of \$68,612.00.

MOTION: Moved by Bynum and seconded by Houston to accept the August 31st financial statement. **CARRIED.**

Bynum presented the year 2000 budget showing a budgeted income of \$1,892,000.00 and expenses of \$1,856,050.00.

MOTION: Moved by Bynum and seconded by Fortin to accept the proposed budget for year 2000. **CARRIED.**

UEP STRATEGIES: UEP President Al Pope presented the strategies which were developed at the 1998 Annual Meeting. He gave a progress report on what had been

accomplished during the past year and plans to implement further advances in the 21st century.

UEA ALLIED REPORT: UEA Allied Chairman Terry Pollard reported that the organization has grown to 46 members and that all are dedicated to providing support to UEP. He reported that the Allied members had contributed \$4,450.00 to the EggPac campaign which was substantially larger than ever in the past.

SPECIAL GUEST SPEAKERS:

Dave Bossman – President – American Feed Industry Association
Bob Langert – ~~Director~~ of Public & Community affairs
McDonald's Corporation
Philip Derfler – Deputy Administrator – Office of Policy, Program
Development, and Evaluation at USDA/FSIS
John Reddington – Director, Dairy, Livestock and Poultry
USDA Foreign Agricultural Service
Christopher Knope – Office of Policy and Reinvention Programs
EPA

SPECIAL EVENTS:

Recognition Dinner for Donald Bell
Support for Food, Land & People in memory of Peter Olson

ADJOURN: There being no further business to come before the meeting, it was declared adjourned at 11:30 AM on October 15th with an announcement that next year's meeting would be held at the Sawgrass Marriott Resort in Ponte Vedra Beach, Florida.

Reported by: Gene W. Gregory – UEP Senior Vice President

EXHIBIT 225

COMMITMENT TO CHANGE

_____ I agree by November 5, 2001 to leave a house or houses vacant for 6 months that represents 5% of my production and recognize that I may be required to validate this.

(or)

X I agree to reduce my flock size by 5% beginning November 5, 2001 and maintain this for a 6 month period and recognize that I may be required to validate this.
(5% reduction can be achieved by selling 4 weeks earlier than normal schedule.)

X I agree to delay the hatch of baby chicks placements 4 weeks over a 6 month period beginning November 5, 2001. I further agree to authorize my chick supplies to verify this with UEP.
(230 million \div 52 = 4.4 x 4 weeks = 17.6 million)

(or)

NOT AGREE TO
@ Nov 5 meeting

I agree to reduce my intended chick placements by 15% over the next 6 months beginning November 5, 2001 and authorize my chick supplier to verify this with UEP.
(230 million \div 2 x 15% = 17.25 million)

Signed by:

K. O. H. Bl.
Ar-Maine

Company:

Date:

9/13/01

**UEP MARKETING COMMITTEE
ACTION PLAN**

1. Dispose of old flocks four (4) weeks earlier than scheduled. Start week of June 18 and continue sixteen (16) weeks through week of October 1.
2. Molt hens at sixty-two (62) weeks of age. Start week of June 18 and continue sixteen (16) weeks through week of October 1.
3. Reduce hatch _____% starting July 1, 2001 for the balance of 2001.

50% Participation achieves the following results:

- 1(a) Disposing of old flocks four (4) weeks early would reduce flock size approximately five (5) million hens through week of October 1.
- 2(a) Molting four (4) weeks early would reduce eggs equivalent to four (4) million hens for twenty-two (22) weeks through November 5.
- 3(a) Hatch reduction would help flock size in 2002.

3 million hens x 4 weeks = 12 million

12 million / 2 = 6 million

May 30, 2001

TO: All UEP Members

CRISIS MANAGEMENT

- ✓ Large egg prices – 35 cents per dozen below last year's level at Christmas.
- ✓ Breaking stock prices average of 32 cents for past three years.
- ✓ Flock size – 5 million hens larger than last year and growing.
- ✓ Additional – 5 million hens expected in 2002 without any planned restraint.
- ✓ Financial losses for three consecutive years for many producers.
- ✓ 2002 Egg price forecast - below cost.

DO WE HAVE A PROBLEM?

UEP's Marketing Committee thinks we have a serious problem.

The Committee has recommended the following action:

VOLUNTARY ACTION PLAN

- ✓ Starting December 24th – and continuing through February 1st - molt all hens 62 weeks or older.
- ✓ Starting December 24th – dispose of all spent hens 4 weeks earlier than normal schedule and continue through February 1st.

WHO WILL PARTICIPATE IN THE PROGRAM?

The following companies have already signed onto the program and their names will be featured in UEP's newsletter. Your company name will be added to this list and shown in UEP's newsletter if you sign and return the attached form.

AAA Egg Farms – California
Center Fresh Farms – Iowa
Fremont Farms – Iowa
ISE America – Maryland
Koskoff Egg Farm – Connecticut
National Foods Corp. – Washington
Sunrise Farms – California
Valley Fresh Foods - California

Cal-Maine Foods – Mississippi
Creekwood Farms – Wisconsin
Hillandale Farms – Florida
ISE Newberry – South Carolina
Morning Fresh Farms – Colorado
Pilgrim's Pride – Texas
Valley Fresh Foods – Northwest

EXHIBIT 402

***United Egg Producers
Board of Directors Meeting
May 11-12, 2004
Washington, D.C.***

MINUTES

Call To Order: Chairman Roger Deffner called the meeting to order with the following being present:

Members: Amon Baer – Paul Bahan – Dolph Baker – Terry Baker – Brian Barrett
Jill Benson – Todd Boehne – Scott Braswell – Jim Brock – John Brunnquell – Mike Bynum
Wayne Carlson – Ray Chambers – Gregg Clanton – Jim Dean – Peter DeCoster – Roger Deffner
Chuck Dynes – David Elbel – Joe Fortin – Steve Gemperle – Rich Hall – Ky Hendrix
Steve Herbruck – Tom Hertzfeld – Cal Jackson – Brian Joyer – Frank King – Kurt Kreher
Bob Krouse – Kurt Lausecker – Danny Linville – Carl Lofgren – Joe Maust – Galan Merrill
Shaun Merrill – Wayne Mooney – Mohamed Mousa – John Mueller – Mark Oldenkamp
Bob Pike – Bill Rehm – Loren Reuter – Marcus Rust – Paul Sauder – Roger Seger – Tom Silva
Phil Sonstegard – John Sperry – Marie Staley – Steve Storm – Ric Sundal – Monte Terry
David Thompson – Ron Truex – Gary West – Barrie Wilcox

Staff & Guests: Kurt Allen – Paul Brennan – Brad Brown – Rick Brown – Jim Chakeres
Peter Clarke – Jim Cook – David Criswell – Tim Davis – Jim DenBleyker – Shaun Emerson
Peter Fahrngruber – Del Farrer – Helge Filipssen – Chad Gregory – Gene Gregory – Jerry Grove
Mitch Head – Jack Heavenridge – Howard Helmer – James Hunter – Irving Isaacson
Ken Klippen – Al Koch – Bob Kreider – Henry Kuhl – Tony Kunze – Phil Laughlin
David Leavell – Leyenda Lee – Tom Lippi – Howard Magwire – Don McNamara
Debra Murdock – Chris Myles – Brad Parker – Chris Pierce – Al Pope – Terry Profit –
Lou Raffel – Larry Reding – Linda Reickard – Steve Rieger – Steve Stewart – Hilary Thesmar
John Todd – Kevin Vinchattle – Phil Vobr – Andy Wadsworth – Jason Wadsworth

Chairman's Comments: Deffner thanked everyone for their time to travel to and participate in this important meeting and thanked the D.C. staff for all their hard work in preparing for the meeting. In highlighting each of the industry's critical issues he focused upon the word – **Discipline**, saying that discipline is defined as Training That Produces Orderliness and Self Control. He applied this discipline to the animal care certified program, egg production and responsible growth of our industry, the environment, marketing & price discovery, government relations, food safety & the SQF program.

President's Comments: Al Pope announced the events being planned for the annual meeting in New Orleans.

Minutes: Secretary Joe Fortin stated that the minutes of the January meeting were in the folder.

Motion: It was moved by Mooney and seconded by West to approve the minutes.
CARRIED

Treasurer's Report: Treasurer Bob Krouse presented reports of the 12/31/03 and 3/31/04 financial statements. He reported that dues and several other income items were up and that UEP was in good financial condition. He thanked Brown & Brown Insurance and Johnson Diversey for the contributions they make to the income of UEP. He announced that AEB has issued a

letter saying that they will hereafter not conduct annual audits of programs funded by AEB because of the excellent job being done by UEP's accountant, Sherry Shedd.

Motion: It was moved by Krouse and seconded by Lofgren to approve the financial reports. CARRIED.

Government Relations: Committee Chairman Barrie Wilcox presented the committee report and reported that position papers had been adopted for delivery to Congressional offices. He submitted three motions to approve the position papers.

Motion # 1: It was moved by Kreher and seconded by Bahan to approve the position paper titled "Act To Stop Animal Rights Terrorism". CARRIED.

Motion # 2: It was moved by West and seconded by Hertzfeld to approve the position paper titled "Funding for Low-Pathogenic Avian Influenza". CARRIED.

Motion # 3: It was moved by Baer and seconded by Merrill to approve the position paper titled "Egg Sanctions of U.S. Egg Products". CARRIED.

Environmental Committee: Mike Bynum presented the committee report and called on Chad Gregory to discuss the possible time-line for the air emission study and protection of the Consent Agreement. Bynum identified that the committee had questions of whether the air emission study and possible regulations could be identified as a single house versus the whole farm and offered the following motion:

Motion: It was moved by Bynum and seconded by Mooney that air emission source be defined as a single house rather than entire farm and that the egg industry be treated the same as other species with that language. CARRIED.

Bynum stated that the committee discussed the need to set up an Egg Environmental Center for the purpose of finding solutions rather than living with the problems and being regulated. He recommended that four (4) people be appointed to a committee for the purpose of exploring the need for an Egg Environmental Center.

Marketing Committee: Committee Chairman Dolph Baker presented the committee report and identified pending problems for the financial stability of the industry if some minor supply adjustments were not made very quickly. He submitted the following motion:

Motion: It was moved by Baker and seconded by Fortin to recommend that the industry molt all flocks at 62 weeks and dispose of spent hens by 108 weeks and that this plan of action take place immediately and carry through until August 1, 2004. CARRIED

Baker called on Gene Gregory to give his assessment of current conditions and projections for the future.

Food Safety Committee: Ken Klippen in the absence of Chairman Steve Herbruck presented the report saying that the committee discussed several issues including avian influenza, a newly developing program called the Safe Quality Food or SQF, and the technology of laser printing on the shells of eggs for dating and advertising. He offered three motions from the committee.

Motion # 1: It was moved by Truex and seconded by Mooney that the SQF program should be investigated and developed for industry consideration. CARRIED.

Motion# 2: It was moved by Baker and seconded by Carlson that consumer research be conducted to learn what consumers understand about code dating products. CARRIED.

Motion # 3: It was moved by Mooney and seconded by Carlson that the process be initiated into determining standardization code dating of cartoned eggs. CARRIED.

Animal Welfare Committee: Chairman Paul Bahan presented the report and offered three motions.

Motion # 1: It was moved by Bahan and seconded by Rehm that a feeder space and cage configuration research project be undertaken as quickly as possible and that a meeting of cage manufacturers, breeder companies, members of the Scientific and Producer Committee meet to design the study. CARRIED.

Motion # 2: Bahan presented the motion that said: Until the results of the feeder space research is known all animal care certified companies when ordering new equipment provide at least 3 linear inches of feeder space per hen for all hens housed after April 1, 2005.

Before a second could be made, Bahan recommended that this motion be tabled and referred back to the committee. He stated that many felt the motion had been rushed into and needed further consideration in an effort to maintain as close of ties with the Scientific Committee recommendations as possible. After many questions and considerable discussion, the following motion was made.

Motion: It was moved by Kreher and seconded by Hertzfeld to table the previous motion. CARRIED.

This prompted a follow up motion: **Motion:** It was moved by Kreher and seconded by Rehm to issue an advisory to all animal care certified companies quoting the Scientific Committee recommendation in regard to feeder space when ordering new cage equipment. MOTION CARRIED WITH THREE (3) VOTING IN OPPOSITION.

The advisory statement reads as: *"New cage equipment must provide feeder space for laying hens equal to or greater than provided when hens placed in existing cage equipment reaches the minimum of 67 square inches of floor space per hen for White Leghorns and 76 square inches for Brown egg layers."*

Bahan, Gregory, and Isaacson then advised the Board of the ruling made by the National Advertising Review Board in regard to the Animal Care Certified logo and the recommendations made by NAD.

Motion: It was moved by Bahan and seconded by Kreher that all egg packaging displaying the animal care certified logo must display the www.animalcarecertified.com website address on the packaging. CARRIED.

EggPac Committee: Committee Chairman Ron Truex presented the report and stated that the campaign for 2004 would begin August 1st. He reported that a goal of raising \$100,000.00 from UEP and UEA divisions has been set for 2004 and that a \$2,000.00 travel certificate will once again be awarded to some lucky contributor.

Spent Hen Report: Chad Gregory reported that a request by a heavy fowl processor to include rooster meat in the commodity purchase programs intended to use light fowl had been rejected by USDA-AMS Poultry Programs.

Executive Committee: Chairman Deffner reported that the committee met and reviewed the 12/31/03 audited statement, approved credit limits for some members, and discussed plans for the annual meeting.

Egg Nutrition Center: Dr. Don McNamara reported on all the positive work being done by the center.

AEB Report: Lou Raffel reported that AEB had approved funding of \$2.8 million for the air emission study. He also discussed challenges to the Research & Promotion Check-Off Programs.

SPEAKERS

Dr. Bob Brackett – Director for the Center of Food Safety (FDA) addressed the following topics:

1. Egg Safety Action Plan
2. Bioterrorism Act of 2002

Dr. Ron DeHaven – Administrator USDA/APHIS addressed the following topics:

1. A.I. in Canada and the U.S.
2. Trade restrictions as a result of A.I.
3. Live Bird Markets
4. Animal Identification Program
5. BSE

Congressman Bob Goodlatte (R-VA) addressed the following topics:

1. A.I. disease and the control measures and funding.
2. Animal Identification Plan
3. Animal Welfare

Congressman Chris Chocola (R-IN) addressed the following topics:

1. Animal welfare and guidelines
2. Bill introduced titled: "Stop Terrorism Of Property"

Dr. Paul Ryan – President of SQF Institute addressed the following topics:

1. Detailed the plans and opportunities of the Safe Quality Food program

Adjourn: The meeting was declared adjourned at 11:00 AM.

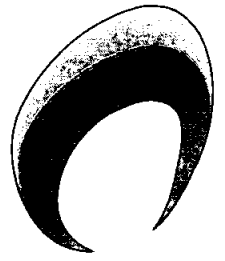
Recorded by: Gene Gregory

EXHIBIT 151



United Egg Producers

UEP Headquarters
1720 Windward Concourse • Suite 230 • Alpharetta, Georgia 30005
(770) 360-9220 • Fax (770) 360-7058



May 14, 2004

UEP Officers

Roger Deffner, Chairman
Al Pope, President
Dolph Baker, First Vice Chairman
Gary West, Second Vice Chairman
Bob Krouse, Treasurer
Joe Fortin, Secretary

UEP Staff

Al Pope
President

Gene Gregory
Sr. Vice President

Linda Reickard
Vice President

Chad Gregory
Director of Member Services

Irving Isaacson, Esq.
UEP General Counsel

Washington Office
Ken Klippen
V.P. Government Relations

Michael McLeod, Esq.
Washington Counsel

Randy Green
Sr. Government Relations Rep.

Egg Nutrition Center
Dr. Don McNamara
Executive Director

Dr. Hilary Thesmar
Director of Food Safety Programs

To: All UEP Members:

Urgent Notice

Are you concerned with the recent rapid declining egg prices and rising feed cost considerably above a year ago? If so, you can change egg prices by making just a few minor adjustments in your production practices.

After having experienced the most profitable two-year period on record, egg prices fell sharply to levels below the costs of production (for most producers).

In order to maximize profits, producers held hens to older ages, delayed their molts, placed hens in retired housing, and back filled for mortality. All of these actions were good business at the time. These past practices need to change if you want to assure yourself of profitable prices during the second half of 2004.

UEP's Marketing Committee met on May 10th and approved the following recommended action:

That the industry molt all flocks at 62 weeks of age and dispose of spent hens by 108 weeks of age and that this plan of action take place immediately and carry through until August 1, 2004.

We urge each UEP member to do their part to improve egg prices and return prices to profitable levels.

Please let us know your intentions by filling out the attached and returning by fax (770) 360-9220 to the UEP office as quickly as possible.

Sincerely,

Gene W. Gregory



Official U.S. Council Representative

Washington Offices
UEP Government Relations
One Massachusetts Avenue, NW, Suite 800
Washington, D.C. 20001
(202) 842-2345 Fax (202) 682-0775

Egg Nutrition Center
1050 17th Street, NW, Suite 560
Washington, D.C. 20036
(202) 833-8850 Fax (202) 463-0102

UEP Iowa Office
Box 170
Eldridge, IA 52748
(563) 285-9100 Fax (563) 285-9109

Intention For Change in Production Practices

_____ My company intends to follow the UEP recommendation for molt and flock disposal.

_____ My company will not participate in the recommended action plan.

_____ My company has already implemented a plan whereby we are molting hens at
_____ (weeks of age) and disposing of flocks at _____ (weeks of age).

Signed by: _____

Company: _____

Fax to: UEP at (770) 360-7058

EXHIBIT 142

UEP Annual Board Meeting & Executive Conference
October 21 – 22, 2004
New Orleans

MINUTES

Tribute To Our Troops: President Al Pope and Counsel Irving Isaacson opened the meeting with a tribute to the troops, especially those serving in Iraq. Honored guests were servicemen, Captain Dave Holland and Specialist Jason Gornichec.

Call To Order & Chairman's Comments: Chairman Roger Deffner called the meeting to order and welcomed the large attendance. In the interest of time, he said we would forgo introductions. His opening comments included a year's review of the industry highs and lows including the roller coaster market fluctuations and the challenges of animal activists. He thanked the members for their support and acknowledged the work of the staff and the contributions made by AEB and the Egg Nutrition Center.

He said there are still issues that will challenge the Board, staff, and members in the coming years including those of industry economics, government relations, food safety, and environmental.

He said that as he attended each of the August Area Meetings, he realized that UEP's greatest strength is producer involvement. As your Chairman, this has been very rewarding to see the willing involvement of our producer base. You offer your thoughts, your insights and solutions to the challenges we face as an industry.

Returning to the subject of industry economics, he asked for a show of hands of how many members would be interested in attending an Economic Summit scheduled sometime in the very near future. There was a good response.

He announced that the Executive Committee had met the previous day and among their discussions was the need to recognize two staff members for their outstanding service. To acknowledge this, the Executive Committee was promoting Sherry Shedd and Chad Gregory to positions of Vice Presidents.

President's Comments: President, Al Pope thanked the members for their support and for their confirmation by such a large attendance. He announced that the Egg Nutrition Center is celebrating their 25th anniversary and that Dr. Don McNamara has been the Executive Director for the past 10 years. He asked Jani Aronow, Lou Raffel and Hilary Shallo-Thesmar to join him in recognizing the contributions made by both ENC and Dr. McNamara.

Minutes: Secretary Joe Fortin announced that the minutes were in the folder .

MOTION: It was moved by Gary West and seconded by Jim Brock to approved the minutes. (Carried.)

EggPac Report: Committee Chairman, Ron Truex stated that when the committee met in Washington, D.C. in May that a goal of \$100,000.00 was set. He said: *"With lots of hard work by Linda Reickard, Allied Committee Chairman Henry Kuhl, Further Processor Committee Chairman Steve Stewart, the UEA Producer Packers, the Area Chairmen, State Captains, we did reach our goal and wish to thank all members and everyone else, for their generous contributions. We are pleased to have these EggPac funds available to assist our Washington, D.C. staff in the coming year"*.

Food Safety Committee Report: Chairman Steve Herbruck announced that the committee had met and would have two motions to present to the Board. He then called upon Randy Green to give a brief report on the FDA proposed rule for the Prevention of SE in Shell Egg Production.

MOTION: It was moved by Herbruck and seconded by John Sperry that the Board instruct UEP staff to survey producers to determine anticipated costs of implementing the egg safety rule as proposed by FDA. (Carried).

MOTION: It was moved by Herbruck and seconded by Ron Truex that the Board instruct UEP staff to encourage comments on FDA's egg safety rule from producers, further processors, allied industries, other agricultural groups, Members of Congress and other interested parties. That these comments focus on (1) the need for FDA to delegate inspection and compliance authority to federal and state agencies who already carry out the Shell Egg Surveillance Program, in order to avoid unnecessary duplication of effort; (2) the need for modifications in the proposed rule to encourage vaccination, recognize the positive role of existing state and industry quality assurance programs and take relevant science into account with respect to wet cleaning, biosecurity, refrigeration requirements and other technical issues; and (3) issues involving current and future capacity at the nation's analytical laboratories and the economic impact of diverting eggs. (Carried)

Environmental Committee Report: Mike Bynum presented the report on behalf of Chairman Bob Pike and reported that the committee had met the previous day and would have two motions to present. He stated that John Thorne had indicated that the Consent Agreement document was finalized and ready to be published in the Federal Register but probably would not be released until after the Presidential election.

MOTION: It was moved by Bynum and seconded by Galan Merrill for the Board to support continuation of the Environmental Scientific Panel (ESP) and to support future meetings of the ESP to explore finding solutions to air emission challenges. (Carried).

MOTION: It was moved by Bynum and seconded by David Thompson for the Board to accept the current language in the Consent Agreement as complete, in particular the language pertaining to species specific that was added. (Carried.)

Animal Welfare & Public Relations Committee Report: Chairman Mark Oldenkamp presented the reports from the joint committee meeting. He announced that Mitch Head presented the committee with a review of the 2004 public relations campaign. That Dr. Jeff Armstrong had addressed the committee on the issues of backfilling and feeder space research. That the committee did not have sufficient time to address all issues and that a follow-up meeting would be scheduled before the end of the year. He said the committee had four (4) motions to present.

MOTION: It was moved by Oldenkamp and seconded by Joe Fortin to assess Animal Care Certified companies 3/10 cent per hen in 2005 as was assessed in 2004 to fund Golin/Harris's animal welfare public relations work and that the assessment must be paid in order to maintain the ACC certification. (Carried with one no vote).

MOTION: It was moved by Oldenkamp and seconded by Bob Krouse to assess Animal Care Certified companies the same administrative fee in 2005 as was in 2004 for UEP and non-UEP members. (Carried).

MOTION: It was moved by Oldenkamp and seconded by Kurt Kreher that all Animal Care Certified companies must report all backfilling each month on the Monthly Compliance Report. (Carried).

MOTION: It was moved by Oldenkamp and seconded by Joe Fortin to recommend that the Scientific Advisory Committee for Animal Welfare design and present an epidemiology study for the purpose of answering questions in regard to feeder space. (Carried).

Marketing Committee Report: Chairman Dolph Baker presented the report and reported that Urner Barry and Moore Stephens Frost had conducted a "plant grade loose large database study" and shared the findings with the committee. He reported that Alan Andrews of Pactiv had presented a report to the committee on the demand side of the business and Ken Looper had presented numerous statistical reports on the supply side of the business. He stated that the industry economics were in terrible shape and producers should pay special attention to the statistics and then take care of the business for profits. He said the committee had one motion to present to the Board.

MOTION: It was moved by Baker and seconded by Mooney to establish a plan calling for hens currently scheduled for disposal between December 1, 2004 and July 1, 2005 be disposed of 4 weeks early or reduce your flock size by 5%. (Carried).

It was suggested that Ken Looper be asked to project the flock size and egg markets based upon the provisions of the motion.

Baker also announced that staff would be working on an Economic Summit for the very near future with all members being invited.

Financial Report: Treasurer Bob Krouse reported that he had recently visited the Atlanta office, meeting with each of the staff plus UEP's accountant Sherry Shedd and auditor Jeff Stephens. He presented the 8/31/04 financial statement and reported UEP to be in good financial condition.

MOTION: It was moved by Krouse and seconded by Galan Merrill to accept the financial report. (Carried).

Krouse then presented the 2005 budget of which revenue and expenses would be only slightly higher than in 2004.

MOTION: It was moved by Krouse and seconded by Gary West to approve the 2005 budget. (Carried.)

Industry Briefings:

Gary West spoke on his attendance at the recent IEC Annual Marketing Meeting
Dr. Don McNamara provided an update on Egg Nutrition Center research and activities.
Kay Johnson thanked UEP for support of the Animal Agricultural Alliance.
Don Dalton announced that the U.S. Poultry & Egg Association was committed to a trade show through 2009.

UEA – Allied Report: Chairman Steve Rieger reported that the organization continues to grow and provide support for UEP. He stated that UEA-Allied members had met on Wednesday and voted to set aside up to \$20,000.00 for projects that UEP may use for animal welfare research.

Adjourn: The meeting was declared adjourned at 11:30 AM.

Recorded by: Gene Gregory

GUEST SPEAKERS

**Dr. Jill Hollingsworth – Food Marketing Institute
Dr. Donald Layman – University of Illinois
Dr. Hongwei Xin – Iowa State University
Trent Loose – Rancher, Newscaster, Author
Tim Lambert – Canadian Egg Marketing Agency
Willi Kallhammer – International Egg Commission**

EXHIBIT 592

**Shell Egg Marketing Committee
October 20, 2004
New Orleans**

MINUTES

Call To Order: Committee Chairman Dolph Baker called the meeting to order at 7:00 AM with the following being present:

Committee & Staff: Dolph Baker – Jim Brock – Jim Dean – Butch DeVries – Chuck Elste – Bob Krouse – Mark Oldenkamp – Beth Schnell – Monte Terry – Derek Yancey – Gib Burton – Roger Deffner – Joe Fortin – Greg Hinton – Ken Looper – Wayne Mooney – Paul Osborne – Al Shimpf – Larry Seger – Doug Wicker – Clint Hickman – Gene Gregory

Other Attendees: Alan Andrews – Don Bell – Chuck Dynes – Doug Richardson – Rick Brown – Gary West – Joanne Ivy – Paul Sauder – Ron Truex – Ryan Sundberg – Nate Burnham – Jill Benson – Bob Randall – Randy Friesen – Ryan Armstrong – Mark Campbell – David Radlo – Jim DenBleyker – Jerry Grove – Steve Stewart – Bob Kreider – Tony Rehm – Kevin Mussman – Doug Leifermann – Norm Stocker – Laurent Souigny – Greg Pearce – Joe Maust – Rod Smith – Ernest Mahard – Vince Reina – Kurt Kreher – Ron Whaley – Leyenda Lee – Mel Gehman – Paul Renkema – Geoffrey Ochman – Richard Martin – Curtis Ainge – Frankie King – Harold Froese – Steve Boomsma

Retail Demand: Alan Andrews from Pactiv presented a power-point presentation of the demand side of the egg business.

Plant Grade Loose Study: Doug Richardson of Moore Stephens Frost and Rick Brown of Urner Barry Publications presented the results of a “plant grade loose database study” conducted for the purpose of determining the distribution and conversion costs for plant grade loose eggs. Richardson reported that 250 surveys were mailed to the industry of which 77 responses were received.

Baker reported that the study gives us some good information and that we are making progress. The Price Discovery Committee now needs to meet and further study the numbers to determine if other studies are needed or can we make recommendations to Urner Barry from this study.

Baker stated that Price Discovery is critically important to our business and needs to be worked on everyday.

Industry Statistics & Economics: Ken Looper presented a number of reports showing the history and future forecast of hatch, the history and future forecast of hen disposal, the history and future forecast of the nation’s flock inventory. He reported that depending upon the cull rate, the nation’s flock could average between 290.1 and 293.8 millions hens during 2005. He reported that the Chilson report indicates the average flock age is now 109 weeks versus 106 weeks in 2002 thereby equaling approximately 6 million additional hens.

Gregory presented further reports and pleaded with the attendees to take care of business by reducing their flock age, stop backfilling, and the use of old depreciated houses.

FDA Egg Safety Proposed Rule: Gregory presented a number of concerns related to the financial impact of FDA's proposed rule for the "Prevention of SE in Shell Eggs During Production".

Area Meeting Recommendations: Gregory presented the following recommendations from area meetings:

1. Develop a program to reduce the flock by 5% with a goal of reducing the nation's flock size by 8 – 10 million hens.
2. Animal Care Certified companies skip the cage space allowance of 61 square inches and go directly to 64 square inches with chicks hatched after April 1, 2005.
3. Animal Care Certified companies may not purchase eggs from non-certified companies for marketing in the shell egg market.

Gregory reported that a legal opinion had been requested from Irving Isaacson office on item # 3. Their office has written the following that could be acted upon: *"For the integrity of the Animal Care Certified program and to avoid the potential and significant problem of co-mingling certified and non-certified eggs, an Animal Care Certified company may only use eggs from their own production or purchase eggs from other Animal Care Certified companies or authorized Animal Care Certified marketers for consumer sales into the shell eggs markets. Animal Care Certified companies that break eggs and sell at least some of their eggs into the further products markets may purchase eggs from non-Animal Care Certified companies or marketers for egg product sales so long as the certified and non-certified eggs are non co-mingled."*

MOTION: It was moved by Osborne and seconded by Mooney to recommend the language recommended by Irving's office to the Animal Welfare Committee. (The motion was tabled).

Recommendations to Board:

MOTION: It was moved by Wicker and seconded by Schimpf to recommend to the Board a plan for hens currently scheduled for disposal between December 1, 2004 and July 1, 2005 be disposed of 4 weeks early or reduce your flock size by 5%. (Carried.)

Adjourn: The meeting was adjourned at 9:15 AM.

Recorded by Gene Gregory

EXHIBIT 137

UEP-Shell Egg Marketing Committee
January 24, 2005
Atlanta, GA.

MINUTES

Call To Order: The meeting was called to order at 1:00 PM by Chairman Wayne Mooney with the following being present:

Committee Members: Wayne Mooney – Dolph Baker – Jim Brock – Jim Dean
Bruce Dooyema – Greg Hinton – Ernest Mahard – Bob Randall – Beth Schnell – Monte Terry
Derek Yancey – Gilbert Burton – Roger Deffner – Chuck Elste – Clint Hickman
Kevin Mussman – Paul Osborne – Al Schimpf – Larry Seger – Doug Wicker

UEP Members, Guest & Staff: Gordon Satrum – Wayne Winslow – Bill Bradley – Henry Kuhl
John Brunnquell – Norm Stocker – Rick Brown – Marcus Rust – Fred Adams – John Pederson
Doug Leifmann – Gary West – Butch DeVries – Michael Sheats – Jerry Grove – Bern Diekema
Jerry Kil – Wayne Carlson – Phyllis Blizzard – Billie Jo Corell – Linda Reickard – Gene Gregory

Minutes: The minutes of October 20, 2004 meeting were included in the meeting folder:

Motion: It was moved by Brock and seconded by Deffner to approve the minutes.

Carried

USDA Report: Michael Sheats of USDA-AMS presented a report on the USDA Market News reports and the proposed changes the department is considering. The proposals included:

1. Standardize Reporting Regions
2. Improve Trailer Load Report
3. Retail Egg/Egg Products Report
4. In-Line Breaking Production
5. Chicago and Midwest Egg Reports

Industry Statistics: Gregory presented several graphs and charts showing the past industry conditions for hatch, flock inventory, relationship between flock size and people population, market quotes, and supply demand relationship. He also presented a report on the supply demand by quarters comparing 2003 and 2004. In presenting this comparison he expressed concern with the wide swings in the market quote and suggested these swings were not in the best interest of egg producers or their customers.

Intentions To Meet Demand: Mooney reported on the "Economic Summit" held by UEP on November 16, 2004 in Atlanta and summarized by saying that as the egg breakers build more in-line complexes that the breakers will likely need to purchase considerably less eggs from shell egg producers. He presented a list of egg producers that have made their "intentions" known for reducing the supply by either selling hens 4 weeks early or reducing their flock by 5%. He called on everyone to notify UEP by letter of how they intended to follow their stated intention. He stated that this may have already been helpful to the market but everyone needed to stay committed to the program.

Price Discovery: Dolph Baker reported that the price discovery committee had met on January 6th and shared the minutes of this meeting with the Marketing Committee. He presented motions that will be presented to the Board of Directors and announced that a meeting would be scheduled very soon with Uner Barry.

Baker also reported that the Price Discovery Committee recommended the following:

1. For UEP to create a vehicle by which "Premium Retailer Specification" eggs are traded and that a carton quote be published by UEP based upon these trades. With the intent that if the model works then it would be turned over to Uner Barry if they are interested.
2. Encourage UEP egg traders to trade more carton eggs.
3. Encourage more flat rate trades.

Commodity Purchases: Gregory presented a history of USDA's purchases of egg products and meat from spent hens. The report showed that USDA has purchased considerably less egg products, canned boned and diced chicken over the past two years. He then presented the idea of requesting a "bonus-buy" of canned boned or diced chicken by USDA-AMS to assist egg producers in removing their fowl.

Motion: It was moved by Baker and seconded by Wicker to request of USDA a "bonus-buy" of canned boned or diced chicken in the amount of \$10 million to assist the egg industry. Carried.

Old or New Business: Baker reported that all egg producers should review their profit and loss information for the weeks between Easter and Labor Day. He suggested that this review would confirm that supply exceeded demand and that shell egg producers have lost money most every year. He recommended that we encourage everyone to molt flocks at 62 to 63 weeks during the period from Easter week through Labor Day. Others, suggested, that we need to leave some buildings empty during the summer months. After considerable discussion, the following motion was made:

Motion: It was moved by Osborne and seconded by Baker to recommend that the current "intentions" program for flocks to be disposed of 4 weeks earlier than previously scheduled and/or flock size reduced by 5% be extended through Labor Day. Carried.

Adjourn: There being no further business, the meeting was adjourned at 3:00 PM.

Recorded by: Gene Gregory

EXHIBIT 143

Shell Egg Marketing Committee

January 24, 2005

2005 Committee Members

Wayne Mooney (Chairman)

Dolph Baker

Jim Brock

Jim Dean

Bruce Dooyema

Joe Fortin

Greg Hinton

Earnest Mahard

Mark Oldenkamp

Bob Randall

Beth Schnell

Monte Terry

Derek Yancey

Gary Bethel

Gilbert Burton

Roger Deffner

Chuck Elste

Clint Hickman

Bob Krouse

Kevin Mussman

Paul Osborne

Al Schimpf

Larry Seger

Doug Wicker

**UEP- Shell Egg Marketing Committee
January 24, 2005
Atlanta, GA**

AGENDA

- | | |
|--|-----------------------|
| 1. Call To Order & Introductions | Wayne Mooney |
| 2. Minutes of October 20th | |
| 3. Report from USDA-AMS | Michael Sheats |
| <ul style="list-style-type: none">• Standardize Regions• Trailer Load Sales• Retail Egg & Egg Products Reporting | |
| 4. USDA Poultry Statistics & Hen Disappearance | Gene Gregory |
| <ul style="list-style-type: none">• Additional Charts and Reports• Supply Demand By Quarters | |
| 5. Intentions To Sell Early or Reduce Flock Size | Mooney |
| 6. Price Discovery Committee Report | Dolph Baker |
| <ul style="list-style-type: none">• Minutes of January 24th Meeting | |
| 7. USDA Commodity Purchases | Gregory |
| 8. Request for USDA Bonus Buy of Spent Hen Meat | Gregory |
| 9. Old/New Business | Mooney |
| 10. Recommendations to Board | |
| _____ | |
| _____ | |
| _____ | |
| _____ | |
| 11. Adjourn | |

**Shell Egg Marketing Committee
October 20, 2004
New Orleans**

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MOTION: It was moved by Osborne and seconded by Mooney to recommend the language recommended by Irving's office to the Animal Welfare Committee. (The motion was tabled).

Recommendations to Board:

MOTION: It was moved by Wicker and seconded by Schimpf to recommend to the Board a plan for hens currently scheduled for disposal between December 1, 2004 and July 1, 2005 be disposed of 4 weeks early or reduce your flock size by 5%. (Carried.)

Adjourn: The meeting was adjourned at 9:15 AM.

Recorded by Gene Gregory

Gene Gregory

From: "Sheats, Michael" <Michael.Sheats@usda.gov>
To: <gggregory@unitedegg.com>
Sent: Friday, January 07, 2005 8:18 AM
Subject: RE: UEP Meeting

Gene,

Sorry for the delay in responding. We have several new proposals for improving our egg reporting. I would like to take the opportunity to present these proposals to your members to see if they feel any merit pursuing. The following is a broad outline.

1. Standardize regions across all shell egg reporting to allow users to make more meaningful comparisons.
2. Trailer Load Egg Sales
 - a. Initially, separate Origin and Delivered prices into separate sections.
 - b. Long term: place report on a Delivered basis only with Origin sales adjusted to a Delivered basis.
 - c. Create a weekly weighted average for each of three categories:
 - i. Gradeable Nest Run
 - ii. Graded Loose
 - iii. Nest Run Breaking Stock
 - d. Combine these weighted averages into a single weighted Index of trailer load egg sales.
3. Retail Egg and Egg Products Reporting
 - a. On an occasional basis to target retail activity during peak shell egg promotional periods or,
 - b. On a regular basis as a summary of promotional activity within defined regions.
 - i. Currently done on a limited basis.

Gene Gregory

From: "Sheats, Michael" <Michael.Sheats@usda.gov>
To: "Gene Gregory - UEP" <gggregory@unitedegg.com>; "Howard Magwire - UEP" <hmagwire@mwmlaw.com>
Cc: "Morris, Craig -AMS" <Craig.Morris@usda.gov>
Sent: Wednesday, January 05, 2005 9:01 AM
Subject: Proposed Changes to Shell Egg Reporting

AMS Market News is proposing to make the following changes to our egg reports for the new year:

SHELL EGGS: –

We are currently releasing two reports covering the trading of shell eggs to retailers in the Midwest, the Daily Chicago and Midwest Egg report and the Daily Midwest Regional Egg report. The Chicago and Midwest report covers the market for shell eggs delivered to the store door while the Midwest Regional report covers the market for shell eggs delivered to the warehouse. **We are proposing to incorporate the Chicago and Midwest delivered store door information into the Midwest Regional report and discontinue releasing the Chicago and Midwest report.** This change will not result in the loss of any existing market coverage but will simply combine delivered warehouse and delivered store door price information into one report. The existence of two overlapping reports has created some confusion in the past year and we are looking to resolve this while, at the same time, creating a more user-friendly and efficient report with all Midwest shell egg market coverage contained in a single report.

We seek your concurrence and invite your comments and suggestions.

Thank you,

Mike

Michael E. Sheats

Chief, Poultry Market News

Poultry Programs

Agricultural Marketing Service

U.S. Department of Agriculture

202.720.6911

Poultry Market Information:

www.ams.usda.gov/poultry/mnecs/index.htm

1/5/2005

USDA POULTRY STATISTICS (layers)
Actual Numbers 1/1/03 thru 12/1/04
Projected Numbers thru 12/31/06
 (000,000 omitted)

PULLET CHICK HATCH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	% Change		Avg. Per Month
													TOTAL	For Year	Month
2003	16.7	15.0	18.4	18.8	19.1	18.2	17.8	16.6	17.9	17.4	15.1	16.9	207.9	-1.3%	17.3
2004	17.7	16.0	18.8	18.8	19.3	19.0	17.1	18.0	18.4	18.0	19.2	18.7	219.0	5.1%	18.3
2005	18.4	18.7	19.5	19.4	19.9	19.6	18.8	18.6	18.4	18.2	18.0	18.5	226.0	3.1%	18.8
2006	18.4	18.7	19.5	19.4	19.9	19.6	18.8	18.6	18.4	18.2	18.0	18.5	226.0	0.0	18.8
HEN SLAUGHTER															
2003	8.2	6.8	7.0	8.3	7.2	6.4	5.6	5.5	5.0	5.5	4.4	5.9	75.8	-27.2%	6.3
2004	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	5.9	5.8	5.7	71.6	-5.9%	6.0
2005	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	5.9	5.8	5.7	71.6	0.0%	6.0
2006	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	5.9	5.8	5.7	71.6	0.0	6.0
LAYING HEN NUMBERS															
2003															
Begin No. Layers	282.1	282.0	280.1	279.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4	68.5%	70.2% Annual Rate	278.5
Placements *	16.6	16.6	15.0	14.5	14.9	15.5	14.0	17.1	17.5	17.8	16.9	16.6	192.9	#REF!	16.1
Slaughter	8.2	6.8	7.0	8.3	7.2	6.4	5.6	5.5	5.0	5.5	4.4	5.9	75.8	27.2%	6.3
Mortality **	8.5	11.7	8.4	9.7	8.5	9.7	6.9	10.9	12.5	9.9	9.4	13.6	119.7	43.0%	10.0
Ending No. Layers	282.0	280.1	279.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4	279.5	279.5		278.3
U.B. NE LG. Mkt.	83.4	80.1	86.0	83.0	73.7	82.9	87.0	99.8	101.0	105.8	128.4	115.3			93.9
PROJECTED 2004															
Begin No. Layers	279.5	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.0	285.3	286.5	285.2	70.0%	67.5% Annual Rate	282.9
Placements *	15.4	16.6	16.2	14.0	15.7	16.5	14.9	17.5	17.5	17.9	17.7	15.9	195.9	1.5%	16.3
Slaughter	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	5.9	5.8	5.7	71.6	25.3%	6.0
Mortality **	9.3	10.7	7.8	8.8	8.8	10.3	8.1	10.5	10.0	10.8	13.2	11.0	119.4	42.2%	9.9
Ending No. Layers	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.0	285.3	286.5	285.2	284.4			283.3
U.B. NE LG. Mkt.	120.5	113.5	128.9	95.4	79.5	82.0	75.8	69.4	72.0	62.7	76.6	80.7			88.1
PROJECTED 2005															
Begin No. Layers	284.4	284.3	285.3	285.9	286.7	286.9	286.8	288.1	289.4	290.2	292.8	295.3	67.5%	69.0% Annual Rate	288.0
Placements *	16.7	17.1	16.7	17.9	17.4	17.1	17.4	18.1	18.0	18.5	18.2	17.5	210.7	7.6%	17.6
Slaughter	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	5.9	5.8	5.7	71.6	24.8%	6.0
Mortality **	11.0	11.0	10.0	11.0	11.0	11.0	10.0	10.5	11.0	10.0	10.0	10.5	127.0	44.1%	10.6
Ending No. Layers	284.3	285.3	285.9	286.7	286.9	286.8	288.1	289.4	290.2	292.8	295.3	296.5			289.0
PROJECTED 2006															
Begin No. Layers	296.5	296.5	297.0	297.3	296.4	295.5	294.3	295.2	296.0	296.3	298.4	300.3	68.4%	69.5% Annual Rate	296.7
Placements *	17.3	17.1	16.9	16.7	17.2	17.1	17.4	18.1	18.0	18.5	18.2	17.5	210.2	-0.3%	17.5
Slaughter	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	5.9	5.8	5.7	71.6	24.1%	6.0
Mortality **	11.5	11.5	10.5	11.5	12.0	12.0	10.5	11.0	11.5	10.5	10.5	11.5	134.5	45.3%	11.2
Ending No. Layers	296.5	297.0	297.3	296.4	295.5	294.3	295.2	296.0	296.3	298.4	300.3	300.6			297.0

* Pullet placements in laying house are computed as 93% of pullet hatch reported five months earlier.

** Mortality - Includes, hen house mortality, fire loss, theft, unreported disposal, and mysterious disappearance.

*** Top % is change in 20 wk old pullets housed vs previous year, 2nd is slaughter as a % of laying flock size, and the 3rd is mortality & disappearance as a % of laying flock size.

MONTHLY DISAPPEARANCE
(Millions)

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
2004													
U.S. Slaughter	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	5.8	5.8		
Canadian Slaughter	1.2	.7	1.0	1.1	1.0	1.2	1.1	1.2	.8	1.2	1.0		
Rendering and Other	5.7	7.6	4.4	4.7	5.4	6.7	4.6	8.2	6.8	7.3	9.8		
Normal Mortality	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4		
Actual Total	15.1	15.9	13.9	14.9	14.9	16.6	14.1	18.1	16.2	16.7	19.0		
Estimated	15.1	15.4	16.0	17.0	17.5	17.5	16.5	16.0	16.0	15.5	14.5	14.5	191.5

Total for 2004
(02-23-04)

RKL/lcw
12-21-04

**SUPPLY / DEMAND / PRICE
RELATIONSHIP**

<u>YEAR</u>	<u>POPULATION</u> (millions)	<u>AVERAGE # HENS</u> (millions)	<u>CASES PRODUCED</u> (millions)	<u>UB LARGE PRICE</u> (cents doz.)	<u>USDA PRE CAPITA CONSUMPTION</u> (eggs)
1999	273	263.3	194.4	69.1	250.0
2000	280	269.6	198.8	72.4	252.1 + 2.1
2001	283	276.6	202.6	70.6	252.7 + .6
2002	287	279.8	206.3	73.0	255.9 + 3.2
2003	291	278.4	206.9	93.8	254.7 - 1.2
2004	294	283.1	210.3	88.1	256.3 + 1.6
2005 (est)	297	288.5	214.2	(72-78)	257.9 + 1.6
2006 (est)	300	296.8	219.7	(68-74)	261.0 + 3.1

Shell Egg Production - Less Eggs for Breaking.

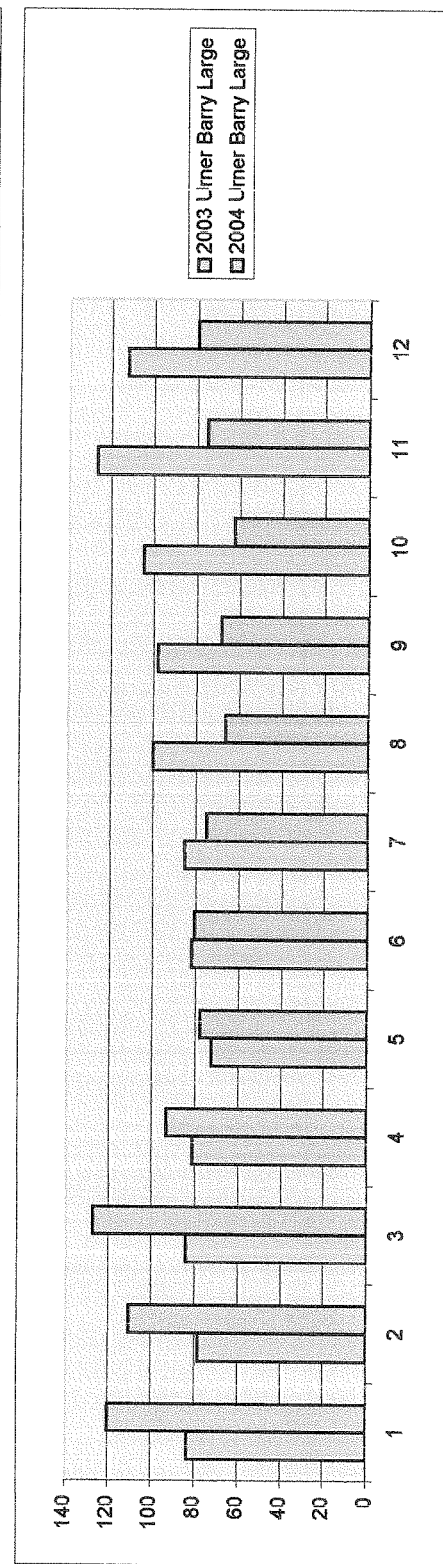
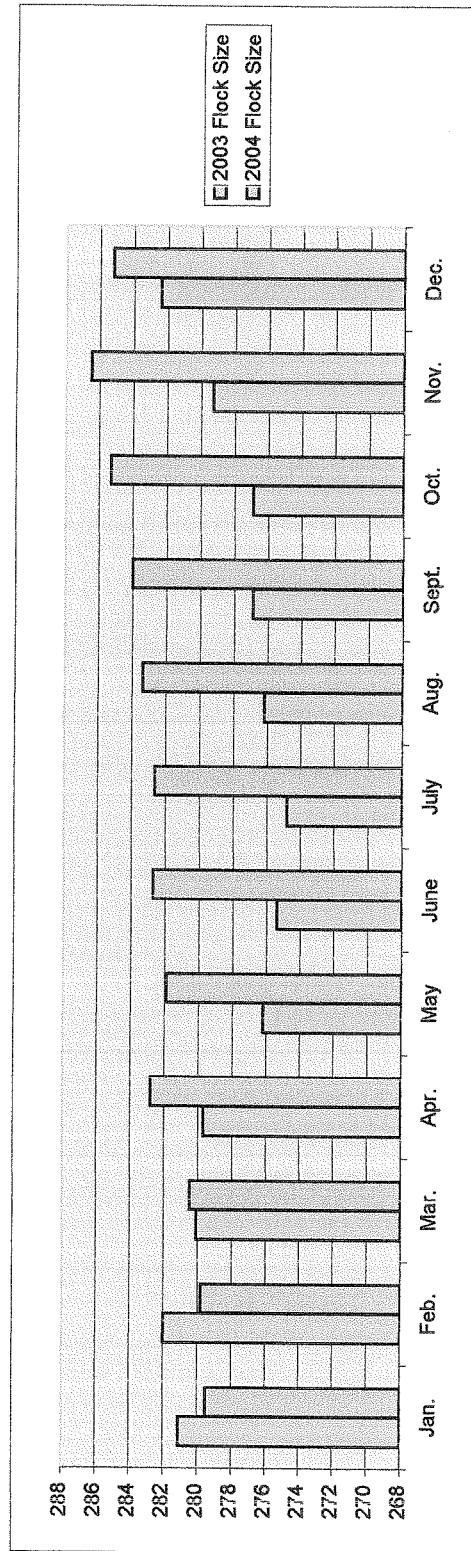
Month	Million Cases				Million Cases			
	2003		2004		2003		2004	
	Shell Eggs	Eggs Broken	Shell Eggs	Eggs Broken	Shell Eggs	Eggs Broken	Shell Eggs	Eggs Broken
			Net	UB - MW			Net	UB - MW
			Large Quote				Large Quote	
Jan.	17.50	5.12	12.38	83.41	17.54	4.85	12.69	\$120.29
Feb.	15.76	4.42	11.34	78.42	16.36	4.74	11.62	\$110.60
Mar.	17.54	4.75	12.79	84.14	17.91	5.35	12.56	\$127.09
Apr.	16.95	4.82	12.13	81.19	17.43	5.32	12.11	\$93.38
May	17.22	5.26	11.96	72.52	17.74	5.40	12.34	\$77.90
June	16.74	5.04	11.70	81.90	17.23	5.66	11.57	\$80.82
July	17.54	5.45	12.09	85.36	17.89	5.45	12.44	\$75.14
Aug.	17.49	5.19	12.30	\$100.05	17.85	5.63	12.22	\$66.55
Sept.	16.93	5.35	11.58	98.10	17.41	5.60	11.81	\$68.57
Oct.	17.73	5.56	12.17	\$104.96	18.21	5.50	12.71	\$62.67
Nov.	17.50	4.71	12.79	\$126.44	17.82	5.35 Est.	12.47 est	\$75.35
Dec.	17.96	5.27	12.69	\$112.48	17.68 est	5.35 Est.	12.33 est	\$80.14
Total	206.86	60.94	145.92	\$92.16	211.07	64.20	146.87	\$86.74

Net shell eggs for retail = .006% (less than 1%) increase in 2004 over 2003.
 People Population increase of 1% in 2004 over 2003.

Market & Supply Comparison 2004-2003

(Umer Barry Midwest Large Quote)

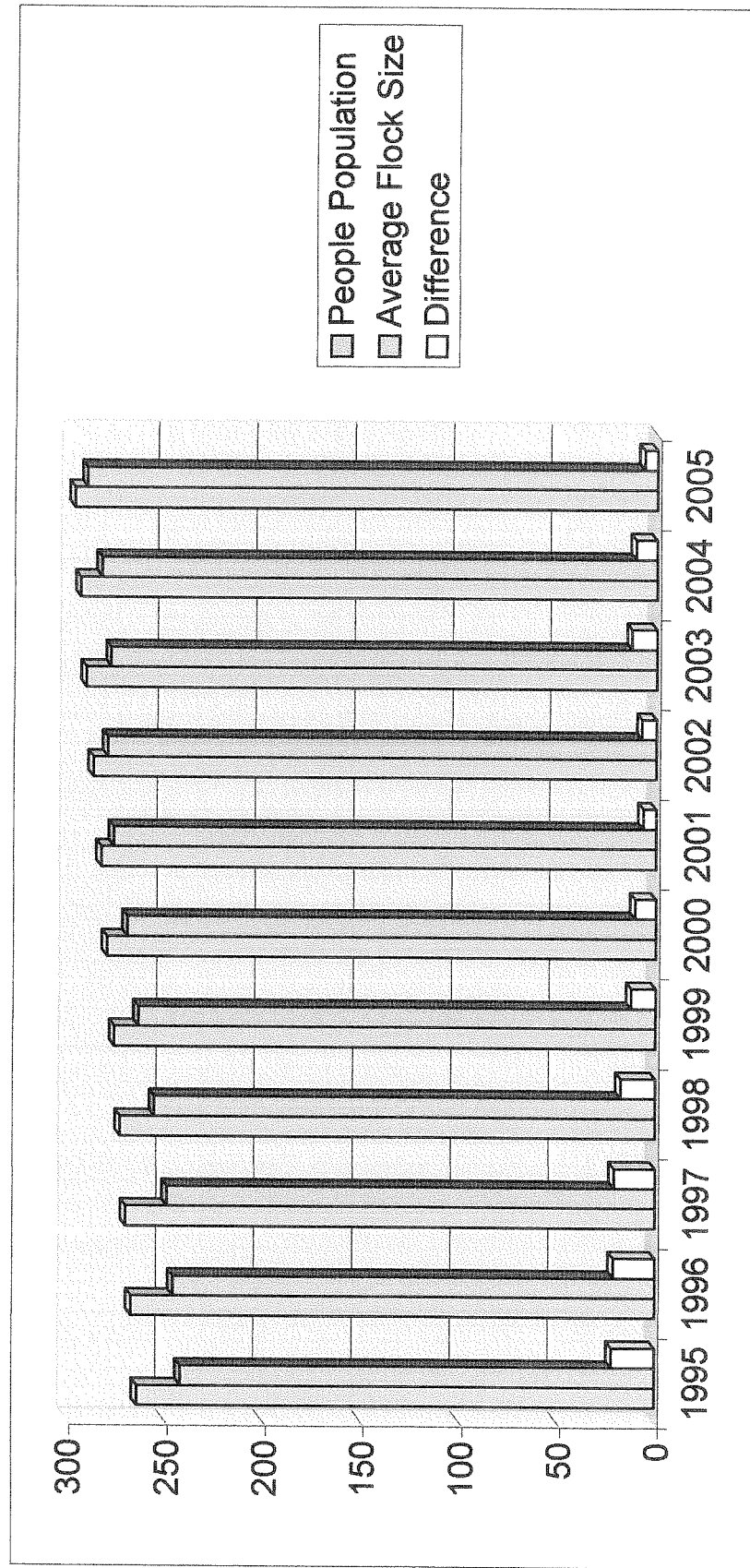
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2003 Flock Size	281.1	282.0	280.1	279.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4
2004 Flock Size	279.5	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.0	285.3	286.5	285.2
2003 Umer Barry Large	83.41	78.42	84.14	81.19	72.52	81.90	85.36	100.05	98.1	104.96	126.44	112.48
2004 Umer Barry Large	120.29	110.60	127.09	93.38	77.90	80.82	75.14	66.55	68.57	62.67	75.35	80.14



Flock Size and People Population

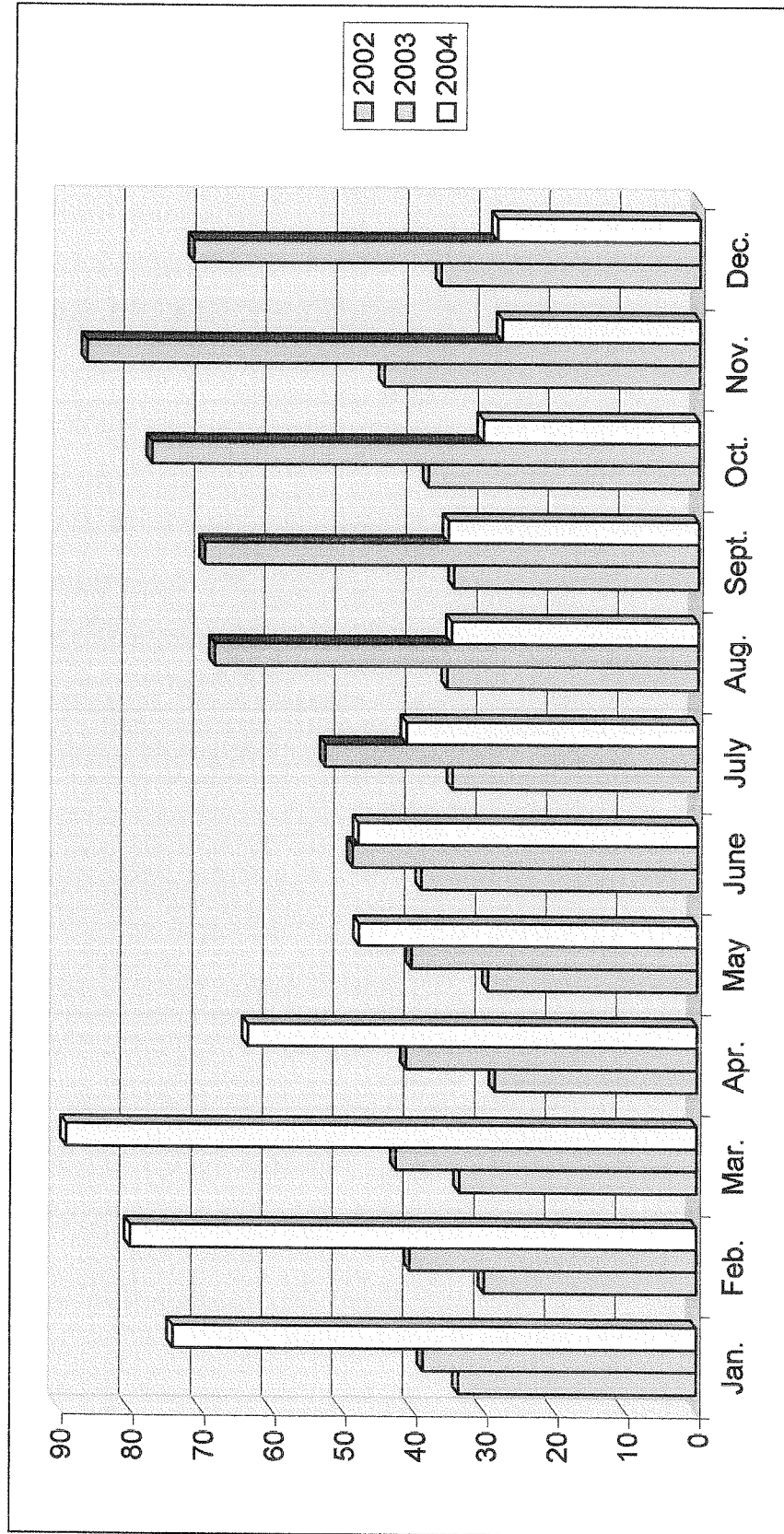
People and Flock Size in Millions

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Est. 2005
People Population	264	267	270	273	276	280	283	287	291	294	297
Average Flock Size	242.0	245.8	249.1	255.5	263.6	269.5	276.6	279.8	278.4	283.1	290.6
Difference	22.0	21.2	20.9	17.5	12.4	10.5	6.4	7.2	12.6	10.5	6.4
Northeast Lg. Quote	76.4	91.6	84.7	79.3	72.4	72.4	70.6	73.0	93.9	88.3	72.0



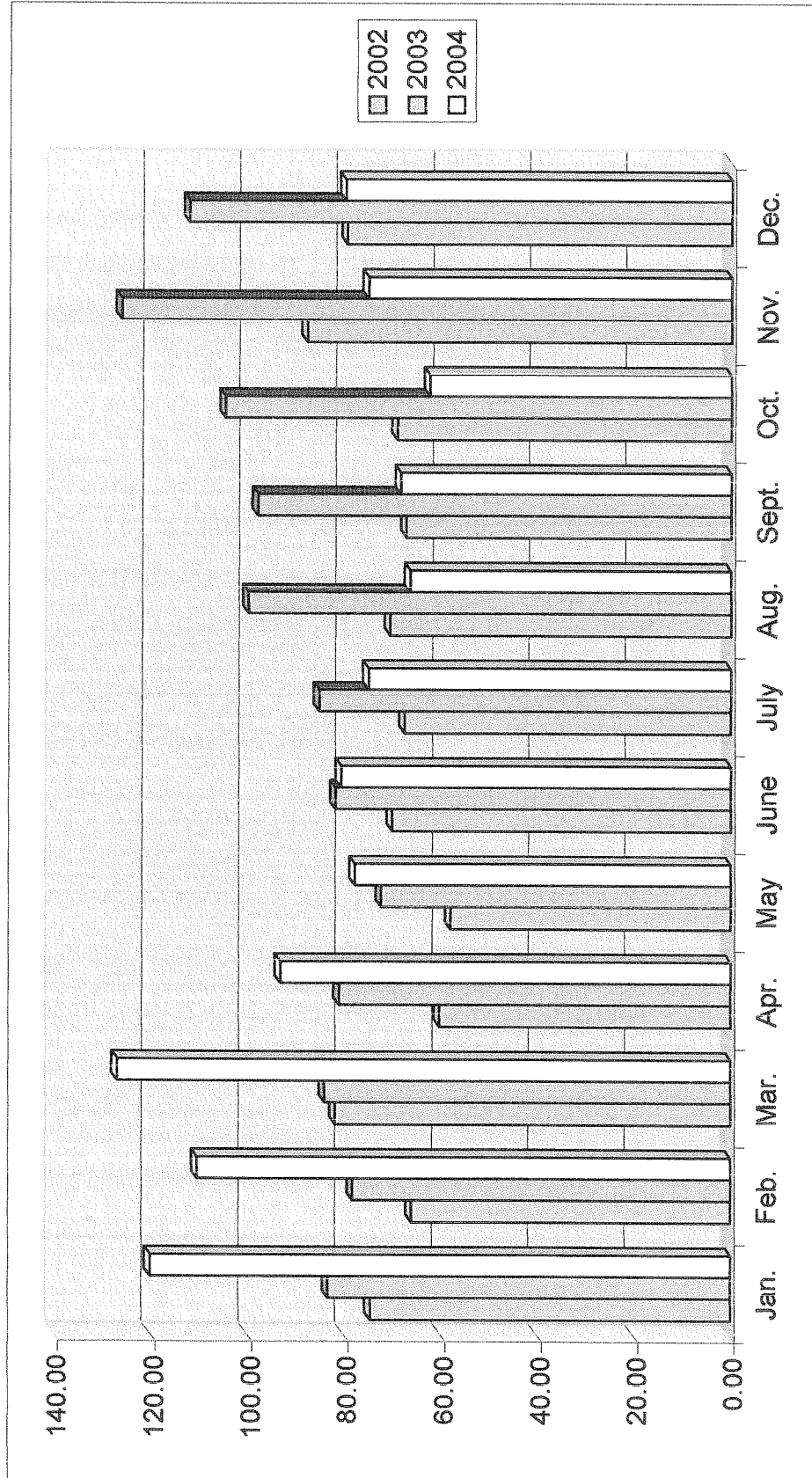
Urner Barry's Central Breaking Stock Quote

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2002	33.55	30.00	33.50	28.55	29.55	39.05	34.73	35.55	34.65	38.3	44.58	36.67
2003	38.59	40.47	42.43	41.10	40.43	48.71	52.68	68.33	69.81	77.35	86.56	71.57
2004	73.95	79.95	89.00	63.48	47.75	47.91	41.19	34.91	35.43	30.62	28.00	28.76

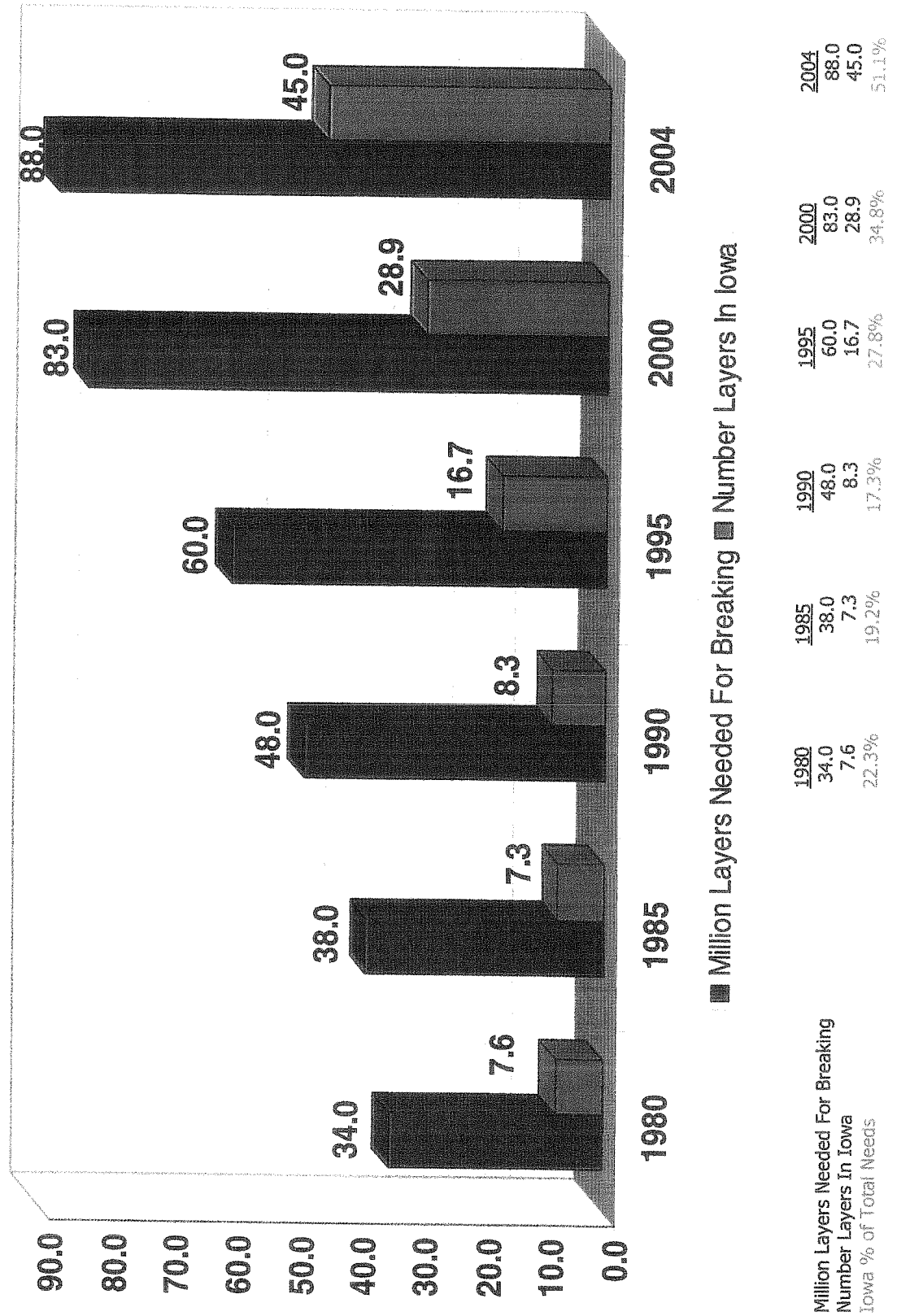


Midwest Urner Barry Large Quote

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2002	74.68	66.15	82.00	60.45	58.18	70.25	67.64	70.73	67.35	69.30	88.00	79.71
2003	83.41	78.42	84.14	81.19	72.52	81.90	85.36	100.05	98.10	104.96	126.44	112.48
2004	120.29	110.60	127.09	93.38	77.90	80.82	75.14	66.55	68.57	62.67	75.35	80.14



Layers Needed For Breaking Compared to Iowa Layers



Supply – Demand Price Relationship

With an annual increase in population of approximately one percent (1%), the first 2 to 3 million hens over the same period the previous year should not impact the price if all the demand factors are the same.

The impact of a high or low demand for the comparison of a specific period develops a range for change in price.

This relationship is not exact; but this relationship generally provides reasonable guidelines, considering the many variables that exist on the demand side.

Supply Result on Price During High Demand Period	Million Hens Over or Under Same Period Last Year	Supply Result on Price During Low Demand Period
+23¢ (+6¢)	- 5,000,000 Hens	+16¢ (5¢)
+17¢ (+5¢)	- 4,000,000	+11¢ (4¢)
+12¢ (+4¢)	- 3,000,000	+7¢ (4¢)
+8¢ (+3¢)	- 2,000,000	+4¢ (2¢)
+5¢ (+2¢)	- 2,000,000	+2¢
+3¢ (+2¢)	+ 1,000,000	-0¢
+1¢	+ 2,000,000	-0¢
- 0¢	+ 3,000,000	-1¢
- 1¢	+ 4,000,000	-3¢ (-2¢)
- 2¢ (-1¢)	+ 5,000,000	-5¢ (-2¢)
- 4¢ (-2¢)	+ 6,000,000	-8¢ (-3¢)
- 6¢ (-2¢)	+ 7,000,000	-11¢ (-3¢)
- 9¢ (-3¢)	+ 8,000,000	-15¢ (-4¢)
-12¢ (-3¢)	+ 9,000,000	-19¢ (-4¢)
-15¢ (-3¢)	+ 10,000,000	-23¢ (-4¢)
-19¢ (-4¢)	+ 11,000,000	-27¢ (-4¢)

Benefit of Producing At 95% of Capacity

Let's assume that we currently have 200 million hens producing for the shell egg markets and that only 190 million are needed to meet the market demand.

What would be the benefits of reducing the flock size by 10 million hens? A 5% flock reduction would achieve the 10 million goal.

If all producers made this adjustment, what would be their individual benefit?

100,000 Hens

Dozen Per Hen Housed	22
Total Dozen Produced	2,200,000
Times Large Quote	67 cents
Total Income	\$1,474,000.00
Income Per Hen	\$14.74
Per Dozen Costs	75 cents
Total Costs	\$1,650,000.00
Costs Per Hen	\$16.50
Income Less Costs	(\$176,000.00)
Net Benefit	

95,000 Hens

22
2,090,000
82 cents
\$1,713,800.00
\$17.14
76 cents
\$1,588,400.00
\$16.72
\$125,400.00

\$301,400.00

Urner Barry Egg Market Quote History

Large Egg Quote)

Year	Midwest			Northeast			Southeast			South Central		
	Ave.	High	Low	Ave.	High	Low	Ave.	High	Low	Ave.	High	Low
1996	90.92	1.14	74.0	91.43	1.15	76.0	92.23	1.16	76.0	93.19	1.16	76.0
1997	83.70	1.03	69.0	84.4	1.03	70.0	85.45	1.05	69.0	85.94	1.06	69.0
1998	78.55	91.0	59.0	79.29	90.0	61.0	80.6	91.0	61.0	81.49	95.0	60.0
1999	68.06	89.0	49.0	69.10	88.0	50.0	69.1	92.0	49.0	70.44	93.0	50.0
2000	71.15	1.04	52.0	72.17	1.06	56.0	73.45	1.08	55.0	74.23	1.06	54.0
2001	69.29	99.0	56.0	70.62	1.01	56.0	71.89	1.03	56.0	72.65	1.01	56.0
2002	70.96	88.0	55.0	72.82	90.0	56.0	73.64	93.0	56.0	73.6	92.0	56.0
2003	92.16	1.37	69.0	93.57	1.39	71.0	93.96	1.38	70.0	94.90	1.39	70.0
2004	86.74	1.35	60.0	88.34	1.34	59.0	89.30	1.38	61.0	89.81	1.36	61.0

Year	California			Northwest		
	Ave.	High	Low	Ave.	High	Low
1996	1.037	1.24	86.0	1.019	1.27	82.0
1997	97.07	1.15	75.0	97.91	1.15	81.0
1998	93.05	1.06	71.0	93.54	1.05	72.0
1999	82.25	1.06	62.0	82.73	1.03	62.0
2000	86.96	1.20	68.0	86.60	1.20	67.0
2001	84.82	1.20	71.0	84.03	1.20	71.0
2002	84.70	1.02	69.0	84.94	1.02	69.0
2003	1.066	1.51	84.0	1.066	1.51	84.0
2004	1.002	1.51	72.0	1.005	1.52	72.0

Supply Demand By Quarters

Updated – January 17, 2005

<u>Quarter</u>	<u>1st of Month Ave. Flock Size</u>	<u>Midwest Large Quote</u>
1 st quarter 2004	279.7 million	\$1.19
1 st quarter 2003	<u>281.4</u> (1.7 million)	<u>.82 cents</u> + 37 cents
2 nd quarter 2004	282.4	84.0 cents
2 nd quarter 2003	<u>277.1</u> + 5.3 million	<u>78.5 cents</u> + 5.5 cents
3 rd quarter 2004	283.3	70.1 cents
3 rd quarter 2003	<u>275.9</u> + 7.4 million	<u>94.5 cents</u> (24.4) cents
4 th quarter 2004	285.6	72.7 cents
4 th quarter 2003	<u>279.5</u> + 6.1 million	<u>\$1.146</u> (41.9) cents
Annual Ave. (2004)	282.9	86.74 cents
Annual Ave. (2003)	<u>278.5</u> + 4.4 million	<u>92.16 cents</u> (5.42 cents)

Through week ending December 31, egg breakers had processed 3,826,322 more cases than during the same period of 2003. This increased break represents a weekly increase of 73,583 cases.

4.4 million additional hens at a production rate of 72% would create 3,212,000 more cases of eggs produced during a 52-week period. The production increase is therefore less than the increased breaker volume with one week of breaking left in the year.

Because of a disease outbreak, Canada became a much bigger buyer of U.S. shell eggs than in the past. Through week ending December 25, Canada had purchased 589,175 more cases of eggs during 2004 than during the same period of 2003.

Increased breaker market of shell eggs	3,826,322 cases
Increased Canadian market of shell eggs	<u>589,175 cases</u>
Total increased use	4,415,497 cases
Less additional production	<u>3,212,000 cases</u>
Net eggs from shell egg market	(1,203,497 cases)

The shell egg market accepted 1,203,497 less cases of eggs in 2004 than in 2003. Broken down this represents approximately 1,504 loads of eggs (800 cases per load) or 376 less loads per quarter or about 29 less loads per week.

When considering a 3 million people population growth, the increased break, and the increased Canadian purchase, we should have expected egg prices of 2004 to have been better than 2003 and most certainly not the wide swings in price from one quarter to the next.

On December 1st the nation's flock size was 2.8 million larger than a year ago. With this small increase we still saw Urner Barry's December Midwest Large quote average more than 32 cents per dozen below last December.

The question of whether we have lost consumer demand for shell eggs is still unanswered.

UEP Members Whose Intentions Are To Meet Market Demand

The following members have signed either option # 1 or option # 2 and therefore made their intentions know to either dispose of hens early or reduce their flock size by 5%.

These members represent the ownership of 121 million layers.

American Egg Products – GA	Berne Hi-Way Hatchery – IN
Braswell Foods – NC	Cal-Maine Foods – MS
Creighton Bros. – IN	Crystal Farms – GA
Demler Enterprises – CA	Eagle Creek Colony – MT
English River Pellets – IA	Fassio Egg Farm – UT
Feather Crest Farms – TX	Featherland Egg Farms – TX
Fort Recovery Equity – OH	Green Forest Egg Farm – AR
Hickman’s Egg Ranch – AZ	Hillandale Farms of Florida – FL
Hillside Poultry Farm – PA	ISE America – MD
ISE Newberry – SC	IVA, Inc. – IA
James Farm – AL	Kreher’s Poultry Farm – NY
Mahard Egg Farms – TX	Maxim Production – TX
Merrill’s Egg Farm – ID	Midwest Poultry Service – IN
Moark LLC – MO	National Foods Corp. – WA
Nichols Egg Ranch/MCM Poultry – CA	Randy Nelson Ventures – GA
Ohio Fresh Eggs – OH	Pearl Valley Eggs – IL
Pilgrim’s Pride – TX	S & R Egg Farms – WI
Stoller Farms – OH	Sunrise Farms of California – CA
Tampa Farm Service – FL	United Egg Marketing Coop. – GA
Weaver Brothers – OH	J.W. West Milling – CA
Wilcox Farms – WA	Zephyr Egg Farms - FL

Intention To Meet Market Needs

Option # 1

_____ It is my company's intention to dispose of hens that are currently scheduled for disposal between January 1 and April 30, 2005 – four (4) weeks earlier than previously scheduled.

As a member of UEP and an egg producer, I fully understand that by making my intention known that UEP will rely on my statement of intention.

Signed:

Company:

Intention To Meet Market Demand

Option # 2

_____ It is my company's intention to reduce my own December 1, 2004 flock size by 5% between the dates of January 1 through April 30, 2005.

As a member of UEP and an egg producer, I fully understand that by making my intention known that UEP will rely on my statement.

Signed:

Company:

**Shell Egg Price Discovery Committee
January 6, 2005
Atlanta, GA**

MINUTES

Call To Order: Committee Chairman, Dolph Baker called the meeting to order at 9:00 AM with the following being present:

Dolph Baker – Chuck Elste – Joe Fortin – Marcus Rust – Larry Seger – Paul Osborne
Tim Weaver – Doug Wicker – Jim Dean – Wayne Mooney – Jerry Grove – Al Pope
Billie Jo Corell – Alex Weaver – Chad Gregory – Gene Gregory

Chairman's Comments: Baker stated that he felt it was important for the committee to get together prior to UEP's January Board meeting in order to consider any recommendations the committee might want to make to the Board. He stated a number of issues were impacting price discovery and identified some of them as follows:

1. Class # 1 eggs have in the past been the basis for price discovery in the establishment of Urner Barry's carton quote. With the lack of Class 1st being traded and Urner Barry's discontinuing of a Class 1 quote, we have lost a valuable component of price discovery.
2. A plant grade loose large study funded by Urner Barry and conducted by Moore Stephens Frost, CPA has provided information about the distribution of plant grade loose eggs and the costs to convert those eggs to carton eggs. This information needs to be reviewed by this committee and decisions made as to whether recommendations should be made to Urner Barry.
3. A accurate price discovery system must allow the buyer to recover their cost of conversion otherwise the buyers may decide to build unneeded new housing.
4. Wide swings in egg prices have caused concern with our retail customers.
5. How is Urner Barry treating the trading of Animal Care Certified eggs in the quote?
6. Increased egg production is having a major impact upon price.
7. The need for a current PCT survey (Processing, Cartoning and Transportation).
8. Thinking out of the box. Is there potential for a better price discovery system?

PCT Survey: Baker introduced Jerry Grove of Express Markets, Inc. Among the many points covered in Jerry's report were the following:

1. EMI has been creating an in-house PCT report for 1-1/2 years and sharing the information with their clients. The latest PCT was conducted for the 2nd quarter of 2004.
2. Using public trading and the costs of PCT, EMI has attempted to make an egg market quote. In comparing this to Urner Barry's quote, the EMI quote follows the same trend as Urner Barry's but has averaged 6 cents per dozen higher for Large eggs than Urner Barry's over the period in which EMI has been conducting the PCT.
3. He explained in great detail how EMI arrived at a quote and how GYSL was figured when either Class 1st or plant grade loose large were purchased.
4. He also announced that EMI was prepared to begin offering clients price and market condition forecast. These forecast would be available for both eggs and turkeys beginning the 1st quarter of 2005.

5. He announced that clients could subscribe to EMI's service for \$399.00 per month and asked for UEP's assistance in gaining additional subscribers.

Grove was complimented on the excellent work of EMI and requested to continue doing a PCT survey. When asked what he would charge UEP for conducting a PCT for the 4th quarter of 2004, Grove responded that he would prefer UEP's help in obtaining additional EMI clients.

Motion

It was moved by Elste and seconded by Fortin to recommend to the Board to endorse membership in EMI for the purpose of gathering factual information to assist in the price discovery system. Motion passed with 2 no votes.

The committee instructed Gene Gregory to inform Jerry Grove that the Price Discovery Committee wanted EMI to conduct further PCTs and in turn UEP would assist EMI by encouraging UEP members to participate in the study and encourage UEP members to become clients of EMI.

Plant Grade Loose Study: Gregory provided an analysis of the Plant Grade Loose Large study conducted by Moore Stephens Frost, CPA and funded by Urner Barry. Using the information, he identified the distribution of plant grade loose large eggs and the average costs to convert those eggs to a carton egg delivered store door or warehouse. These average costs equaled 15.6 cents per dozen. Gregory reported that Urner Barry's stated range for a steady carton market was when plant grade loose large eggs in full cases traded at 23-26 cents per dozen back of the large quote. He summarized by saying that when factoring in the average marketing allowance of 15 cents per dozen plus the 15.6 cents conversion cost, that Urner Barry's spread between the steady trading value of 23-26 needed to be changed to 30-31 cents in order for the purchaser to break even. Without a change to the 30-31 cent spread, the purchaser would continue losing 6.6 cents per dozen on each trade.

Urner Barry Price Spreads: Baker presented a chart showing Urner Barry's spread between the Midwest Large and Midwest Class # 1s had averaged 29.98 cents over the past 5 years. By the fact that Urner Barry has published a statement that their quote is on average 33-35 cents above the average gradable nest run traded without material, Baker concluded that Urner Barry's Large quote had been under quoted by 3 – 5 cents for 5 years.

Supply Demand By Quarter: Gregory presented a quarterly analysis of the nation's flock size and the quarterly average Urner Barry Midwest Large quote. He also presented the annual egg production and the distribution of those eggs to breakers, Canada, and U.S. retail. He summarized by saying that the wide swings in prices were a price discovery problem for our retail customers. He also concluded that based upon the egg supply of 2004 when compared to 2003 that the 2004 egg market quote should have been higher than 2003 with comparable demand. The question remains as to whether demand has been lost and if so, how much.

Thinking Out of The Box: Gregory presented a report in which he expressed concerns with the wide market swings and the fear that these swings and an inaccurate price discovery system could lead retailers to costs plus deals or other alternatives to the Urner Barry quote. He called upon the committee to "think outside the box" for new and creative ways to quote a market.

Doug Wicker presented a report in which he suggested that a major problem with price discovery was the limited warehouse (cooler) space to hold any inventory beyond 5 days production. He

suggested that with this limited cooler space that we have created a system whereby eggs must go the market by the 5th day regardless of price.

Open Discussion: Baker called on the committee for any ideas that would improve the price discovery system or new “thinking out of the box” ideas for new and better ways for price discovery. Some of the ideas expressed were:

1. Marcus Rust suggested we need to request that Urner Barry issue a new quote for a classification of Plant Grade Loose Large that has no retail specifications, is not Animal Care Certified, is not USDA inspected, is not audited, and meets only state grade specifications. That Urner Barry’s current carton quote would then represent only eggs that are of “Premium Quality”, USDA inspected, Animal Care Certified, audited and meet the high specifications of some leading retail grocery chains. This would allow buyers and sellers to trade carton eggs that meet the retailer’s specifications.
2. UEP should be encouraged to trade more carton eggs.
3. UEP should set up a committed program whereby members would commit to buy or sell a committed volume of “Premium Retail Specification” carton eggs each week. From this trading, UEP would publish a “Premium Carton Quote” as a pilot project and once the program has worked out the bugs then determine if Urner Barry would publish the quote.
4. Doug Wicker again urge the industry to impress upon ECI and UEP the importance of changing their egg trading service to flat rate trading instead of a system in relationship to Urner Barry’s quote.

Committee Recommendations to Board or Urner Barry:

1. **Motion:** It was moved by Wicker and seconded by Mooney to authorize Chairman Baker and those he may select to join him in a meeting with Urner Barry at which time justification should be presented to Urner Barry for recognizing current conversion costs of plant grade loose large based upon the Moore Stephens Frost study and Express Markets most recent PCT. Motion carried.
2. To inform the Board of the Price Discovery Committee’s interest in UEP creating a vehicle by which “Premium Retailer Specification” eggs are traded and that a carton quote be published by UEP based upon these trades. With the intent that if the model works then it would be turned over to Urner Barry if they were interested.
3. Encourage UEP egg traders to trade more carton eggs.
4. Encourage more flat rate trades.

Adjourn: There being no further business, Baker declared the meeting adjourned at 2:30 PM.

Recorded by: Gene Gregory

USDA/AMS COMMODITY PURCHASE OF EGG PRODUCTS

Year	Product	Pounds	Cases of Fresh Eggs	Total Cases
1990	Dried Egg Mix	1,800,000	92,000	
	Frozen Whole Egg	26,500,000	662,500	754,500
1991	Dried Egg Mix	4,000,000	204,000	
	Frozen Whole Egg	12,100,000	310,256	514,256
1992	Dried Egg Mix	4,428,000	225,828	
	Frozen Whole Egg	9,362,800	240,071	465,899
1993	Dried Egg Mix	4,204,000	214,404	
	Frozen Whole Egg	15,288,000	392,000	606,404
1994	Dried Egg Mix	2,844,000	145,044	
	Frozen Whole Egg	12,967,000	324,175	
	All-Purpose Egg Mix	2,080,000	149,760	618,979
1995	Dried Egg Mix	3,492,000	178,092	
	Frozen Whole Egg	11,317,600	282,940	
	All-Purpose Egg Mix	2,360,000	169,920	746,152
1996	Dried Egg Mix	3,564,000	181,764	
	Frozen Whole Egg	8,562,520	214,063	
	All-Purpose Egg Mix	1,160,000	83,520	479,347
1997	Dried Egg Mix	2,664,000	135,864	
	Frozen Whole Egg	10,323,000	258,075	
	All-Purpose Egg Mix	400,000	29,200	423,139
1998	Dried Egg Mix	396,000	20,196	
	Frozen Whole Egg	11,685,000	292,125	
	All-Purpose Egg Mix	688,000	49,536	361,857
1999	Dried Egg Mix	0	0	
	Frozen Whole Egg	2,361,000	59,025	
	All-Purpose Egg Mix	936,000	67,392	126,417
2000	Dried Egg Mix	0	0	
	Frozen Whole Egg	12,074,000	301,850	
	All-Purpose Egg Mix	2,416,000	173,952	475,802
2001	Dried Egg Mix	0	0	
	Frozen Whole Egg	13,104,000	327,600	
	All-Purpose Egg Mix	1,684,000	121,248	448,848
2002	Dried Egg Mix	0	0	
	Frozen Whole Egg	14,885,000	372,125	
	All-Purpose Egg Mix	4,924,000	354,528	726,653
2003	Dried Egg Mix	0	0	
	Frozen Whole Egg	15,532,000	388,575	
	All-Purpose Egg Mix	1,428,000	102,816	491,391
2004	Dried Egg Mix	0	0	
	Frozen Whole Egg	12,515,000	312,875	
	All-Purpose Egg Mix	1,296,000	93,312	406,187

USDA/AMS COMMODITY PURCHASE OF FOWL

Based upon calendar year purchases by USDA/AMS. -- Canned Boned purchase calculated at 76% being of light type fowl and 40% of Diced Chicken being of light type fowl. -- Estimate of live fowl used in the purchase is based upon dividing the pounds by 52 to arrive at number of live hens.

Exceptions to the above would be when USDA announces the purchase is for light fowl only.

(Pounds = 000)

Year	Product	Total Pounds	Estimated Pounds Light Fowl	Estimated Number Light Hens	Estimated Total Hens For Year
1995	Canned Boned Diced Chicken	5,900 9,600	4,484 3,840	8,623,000 7,382,000	16,007,000
1996	Canned Boned Diced Chicken	8,200 2,500	6,232 1,000	11,984,000 1,923,000	13,907,000
1997	Canned Boned Diced Chicken	8,285 5,400	6,296 2,160	12,107,000 4,153,000	16,260,000
1998	Canned Boned Diced Chicken	7,475 6,000	5,681 2,400	10,925,000 4,615,000	15,540,000
1999	Canned Boned Diced Chicken	7,959 9,480	6,048 3,792	11,630,000 7,292,000	18,922,000
2000	Canned Boned Diced Chicken	8,458 13,960	6,428 5,584	12,361,692 10,738,000	23,099,692
2001	Canned Boned Diced Chicken	10,499 9,840	7,979 3,936	15,344,000 7,569,000	22,913,000
2002	Canned Boned Diced Chicken	10,003 16,480	7,602 6,952	14,619,000 13,369,000	27,988,000
2003	Canned Boned Diced Chicken	10,401 6,000	7,905 2,400	15,202,000 4,615,000	19,817,000
2004	Canned Boned Diced Chicken	5,659 5,040	5,659 1,840	10,883,000 3,538,000	14,421,000

All the above should be considered as estimates by UEP.

All Canned Boned purchases in 2004 were from light fowl processing plants.

Of the Diced Chicken purchases in 2005 - 36.5% was purchased from light fowl processing plants.

USDA Bonus Buy Of Spent Hen Meat

During the November 16, 2004 “Egg Industry Economic Summit” held in Atlanta, UEP members were asked to make their intentions known for one of the following options:

- **To dispose of spent hens four (4) weeks earlier than previously scheduled between January 1 and April 30, 2005.**
- **To reduce the December 1, 2004 flock size by 5% between the dates of January 1, through April 30, 2005.**

During the meeting it was recommended that UEP request of USDA-AMS a BONUS BUY of spent hen meat for the frozen diced chicken and canned boned fowl commodity purchase programs. It was believed that this bonus buy would create a market that would assist egg producers in removing their fowl.

The question for the Market Committee is whether you want UEP to formally make a request of USDA-AMS for a BONUS BUY?

A \$10 million BONUS BUY could potentially create a market for 10 to 13 million light fowl.

Gene W. Gregory

MANAGEMENT RECOMMENDATIONS FOR 2005

- ***Stay committed to the Animal Care Certified Program and Cage Space Phase-In Plan.***
- ***Dispose of Spent Hens At Younger Ages***
- ***Encourage Retailers to Feature Eggs.***
- ***Do Not Expand Beyond Market Needs***
- ***Maintain Flock Size Equal To 2004***
- ***Egg Breaking Companies Should Only Expand Their Egg Production Capacity To Meet the Growth of the Egg Products Market***

EXHIBIT 105

From: Gene Gregory [gene@unitedegg.com]
Sent: Friday, March 31, 2006 4:09 PM
To: Danny Linville; Cliff Lillywhite; Al Schimpf; Baker, Dolph; Barrett, Brian; Bob Randall; Deffner, Roger; Doug Wicker; Elste, Chuck; Hickman, Glen; Jim Brock; Jim Dean; Joe Fortin; Kevin Mussman; Lee Felmler; Marcus Rust; Monte Terry; Mooney, Wayne; Oldenkamp, Mark; Osborne, Paul; Seger, Larry; West, Gary; Yancey, Derek
Subject: UEP-Marketing Committee
Attachments: Minutes - Marketing Committee.doc

To All:

Please find minutes from today's meeting.

Gene

**UEP-Marketing Committee
Conference Call – March 31, 2006**

MINUTES

Call To Order: The meeting was called to order by Committee Chairman, Wayne Mooney at 11:00 AM with the following being present:

Cliff Lillywhite – Al Schimpf – Dolph Baker – Brian Barrett – Roger Deffner
Jim Brock – Jim Dean – Joe Fortin – Jerry Kil – Marcus Rust – Monte Terry
Wayne Mooney – Paul Osborne – Larry Seger – Gary West – Derek Yancey
Gene Gregory

Gregory opened the discussion by saying the purpose of the call was to report that the Animal Welfare Committee had recently rejected a resolution to speed up the phase-in schedule of the cage space allowance for fear that it might be viewed as using the program as a means to address supply demand problems. It was then determined that a conference call of the Marketing Committee should be conducted to consider actions that might improve the forecast of poor economic conditions.

Mooney read emails from Glen Hickman and Bob Randall expressing support for programs that would address the supply/demand problems.

Mooney reported that he felt we should recommend that the Animal Welfare Committee reconsider their position and move to the 67 square inches per hen as quickly as possible. This raised objections from some.

While objecting to any changes in the UEP Certified program, Seger suggested that the only answer is to move up the removal schedule of flocks a few weeks and leave the house empty for a period of time. He suggested that breakers very likely will not be buying surplus shell eggs until they are given to them because of the large dried egg inventory.

After considerable discussion, the following motion was made:

Motion: It was moved by Baker and seconded by Schimpf to recommend to the members a program calling for flocks to be molted six (6) weeks earlier than previously scheduled and to dispose of spent hens six (6) weeks earlier than previously scheduled.

Motion passed unanimously.

West suggested that we need a long-term solution and also the need to recognize the market impact should a case of the Asian A.I. Bird Flu be reported in this country. He then put forth the following motion:

Motion: Recommend that the UEP Chairman appoint a Task Force to look at long-term solutions for supply/demand problems.

The motion failed for the lack of a second.

Gregory announced that he would send out a Supply/Demand Alert to the industry as quickly as possible.

There being no further business, the meeting was adjourned at 12:00.

Recorded by: Gene Gregory

EXHIBIT 304

***Shell Egg Marketing Committee
October 11, 2006
San Antonio, TX.***

Committee Members

✓ Wayne Mooney (Chairman)	Brian Barrett ✓
✓ Jim Brock	Jim Dean ✓
✓ Roger Deffner	Chuck Elste ✓
Lee Felmlee	Joe Fortin
Glenn Hickman	Cliff Lillywhite ✓
✓ Danny Linville	Ernest Mahard ✓
Kevin Mussman	Mark Oldenkamp ✓
✓ Paul Osborne	Marcus Rust ✓
✓ Al Schimpf	Larry Seger ✓
✓ Monte Terry	Gary West ✓
✓ Doug Wicker	Derek Yancey ✓

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Shell Egg Marketing Committee
October 11, 2006
San Antonio, TX.

AGENDA

- | | |
|--|-----------------------|
| 1. Call To Order & Introductions | Chairman Wayne Mooney |
| 2. Chairman's Comments | Mooney |
| → 3. Minutes of Previous Meetings | |
| 4. Marketing Committee Recommendations
(Recommendations made in April 2006) | Mooney |
| 5. Managed Egg Industry Growth | Gene Gregory |
| ✓ 6. Price Discovery Committee Report
(a) July 16, 2006 Recommendations
(b) Urner Barry's Response | Dolph Baker |
| 7. Retail Feature Prices | Gregory |
| 8. Egg Production & Price Patterns | Gregory |
| 9. Industry Statistics | Gregory |
| 10. Egg Price Forecasts | Gregory |
| 11. Call for Committee Recommendations | Mooney |
| 12. Old/New Business | |
| 13. Adjourn | |

~~_____~~

**UEP – Shell Egg Marketing Committee
May 15, 2006
Washington, D.C.**

MINUTES

Call To Order: Chairman Wayne Mooney called the meeting to order at 1:00 PM with the following being present:

Committee Members: Wayne Mooney – Brian Barrett – Jim Dean – Roger Deffner
Lee Felmlee – Joe Fortin – Glenn Hickman – Kevin Mussman – Mark Oldenkmap
Marcus Rust – Larry Seger – Monte Terry – Gary West – Doug Wicker – Derek Yancey

Members, Guest, & Staff: Bob Krouse – Dolph Baker – Rick Brown – Steve Herbruck
Kurt Kreher – Michael Sheats – Terry Pollard – Roger Glasshoff – Mike Bynum – Roger Seger
Ben Thompson – David Thompson – Duane Mangskau – Bob Kreider – Jerry Kil – Jerry Grove
Alan Andrews – Kevin Whaley – Kevin Haley – Mel Gehman – Tony Kunze – Paul Sauder
Tom Hertzfeld Jr. – Alan Koch – Richard Meek – Gregg Clanton – Rick VanPuffelen
Brad Brown – Phil Laughlin – Del Farrer – Mitch Head – Diane Storey – Norm Stocker
Richard Simpson – Gene Gregory

Minutes: Minutes of previous meetings were in the meeting materials.

Motion: It was moved by Larry Seger and seconded by Roger Deffner to approve the minutes. Carried.

PCT Survey: Rick Brown reported that Umer Barry, ECI, and UEP were cooperating in gathering and summarizing information of Processing, Carton, & Transportation (PCT) and urged everyone to fill out the survey and return to Umer Barry as quickly as possible. The PCT for the first quarter of 2006 will be repeated each quarter hereafter.

Supply/Demand Alert: Mooney reminded everyone that the committee had made a recommendation that every member dispose of and molt flocks 6 weeks earlier than previous schedule during the weeks between Easter and Labor Day.

This lead to a discussion of reasons why the industry may have lost demand. Alan Andrews of Pactiv provided some answers.

Statistical Reports: Gene Gregory reviewed reports and graphs including those for shell eggs less breaking, egg production patterns, monthly hen inventory, pullet chicks hatched, weekly retail feature prices, and comparisons of weekly prices for the first 18 weeks of 2006.

Egg Price Forecast: Gregory provided a review of the forecast of prices made by UEP for each month of 2006 and compared the forecast with the actual prices for the first 4 months and the more recent forecast from Don Bell for the remaining months of 2006.

Egg Trading Service: Gregory provided a history of UEP's egg trading service including case volumes and commissions for the years 1999 through 2005. He reported that Billie Jo Corell would be retiring this summer and it was questionable whether to hire or contract with a new egg trader when considering that the total eggs traded had been declining.

Motion: It was moved by Fortin and seconded by Yancey to authorize staff to employee an egg trader to replace Corell. Carried.

There were no additional motions made by the committee.

Adjourn: The meeting was declared adjourned at 2:10 PM.

Recorded by: Gene Gregory

**UEP-Marketing Committee
Conference Call – March 31, 2006**

MINUTES

Call To Order: The meeting was called to order by Committee Chairman, Wayne Mooney at 11:00 AM with the following being present:

Cliff Lillywhite – Al Schimpf – Dolph Baker – Brian Barrett – Roger Deffner
Jim Brock – Jim Dean – Joe Fortin – Jerry Kil – Marcus Rust – Monte Terry
Wayne Mooney – Paul Osborne – Larry Seger – Gary West – Derek Yancey
Gene Gregory

Gregory opened the discussion by saying the purpose of the call was to report that the Animal Welfare Committee had recently rejected a resolution to speed up the phase-in schedule of the cage space allowance for fear that it might be viewed as using the program as a means to address supply demand problems. It was then determined that a conference call of the Marketing Committee should be conducted to consider actions that might improve the forecast of poor economic conditions.

Mooney read emails from Glen Hickman and Bob Randall expressing support for programs that would address the supply/demand problems.

Mooney reported that he felt we should recommend that the Animal Welfare Committee reconsider their position and move to the 67 square inches per hen as quickly as possible. This raised objections from some.

While objecting to any changes in the UEP Certified program, Seger suggested that the only answer is to move up the removal schedule of flocks a few weeks and leave the house empty for a period of time. He suggested that breakers very likely will not be buying surplus shell eggs until they are given to them because of the large dried egg inventory.

After considerable discussion, the following motion was made:

Motion: It was moved by Baker and seconded by Schimpf to recommend to the members a program calling for flocks to be molted six (6) weeks earlier than previously scheduled and to dispose of spent hens six (6) weeks earlier than previously scheduled.

Motion passed unanimously.

West suggested that we need a long-term solution and also the need to recognize the market impact should a case of the Asian A.I. Bird Flu be reported in this country. He then put forth the following motion:

Motion: Recommend that the UEP Chairman appoint a Task Force to look at long-term solutions for supply/demand problems.

The motion failed for the lack of a second.

Gregory announced that he would send out a Supply/Demand Alert to the industry as quickly as possible.

There being no further business, the meeting was adjourned at 12:00.

Recorded by: Gene Gregory

UEP – Marketing Committee Recommendations

April 2006: History tells us that egg prices have historically been unprofitably during the weeks between Easter and Labor Day. *The Marketing Committee recommended the following:*

1. **Dispose flocks six (6) weeks earlier than previously scheduled.**
2. **Molt flocks six (6) weeks earlier than previously scheduled.**

Did the membership respond?

	<u>April 1st</u>	<u>July 1st</u>	<u>Reduction</u>	<u>Projected September 1st</u>
2006 Nation's Layer Inventory	291.6	283.8	7.8	283.6
2003-2005 Nation's Layer Inventory	282.7	279.5	3.2	281.4

Monthly average percent of hens being molted during May through July 2006	=	4.50%
Monthly average percent of hens being molted during May through July 2005	=	3.83%

Managed Egg Industry Growth

For several years it had been Don Bell's theory that the industry could increase layer numbers by 3 million hens per year without negatively impacting egg prices.

We believe there may be a number of factors that have changed since 2002 that causes us to suggest that the industry may be able to only increase the nation's flock by 2 millions hens per year. These factors possibly include the following:

1. Reduced consumer demand.
2. Improved genetics.
3. Improved management.
4. Increased cage space per layer.

Items 2, 3, and 4 could possibly be causing an increase in egg numbers per hen while at the same time retail consumers are buying fewer eggs.

<u>Year</u>	<u>Annual Ave. Flock Size</u>	<u>2 Million Managed Growth</u>	<u>3 Million Managed Growth</u>
2002	279.8		
2003	278.4	281.8	282.8
2004	283.2	283.8	285.8
2005	285.6	285.8	288.8
2006	288.6	287.8	291.8

Based upon this analysis, it could be said that the industry has not grown beyond what were expected annual growths without negatively impacting price. Yet, the Urner Barry Midwest Large quote has declined from the 2003 annual average of 92.16 cents per dozen to 86.74 cents in 2004, to 68.47 cents in 2005, and an estimated 72 cents in 2006. During this same period of evaluation, the egg breaking industry has broken an increased number shell eggs with the possible exception of 2006.

Two possible problems could be greater than we have previously assumed. One possibility could be that retail consumer demand is down more than we have acknowledged. The second possibility could be our price discovery system.

**UEP – Price Discovery Recommendations
(July 19, 2006)**

The Urner Barry benchmark quote should continue to be based upon the Carton store door delivery basis regardless of whether delivered store door, warehouse, or picked up.

Urner Barry should consider the public trade of eggs in Cartons as a steady market when eggs are traded at 15 to 17 cents back of the Large quote.

Urner Barry should consolidate all classifications of plant grade loose large eggs into one classification. All plant grade loose large egg trades should be benchmarked as re-graded and re-handled for the purpose of establishing the Carton Large Quote.

Urner Barry should consider the trade of all plant grade loose eggs at 38 cents back of the Large benchmark quote as a steady market.

Urner Barry should consider the trade of gradeable nest run Class # 1 at 36 to 38 cents back of the Large quote with or without material as a steady market.

All future PCT survey forms should include questions related to the costs of G & A and GYSL.

Urner Barry's Stated Trading Ranges For A Steady Market

Urner Barry considers the following as a steady market when traded at these values back of the Large quote.

Dated: August 11, 2006		Changes Offered By Urner Barry On August 11, 2006
Classification	Trading Range	
Carton Egg	no stated range	15 – 17 cents
Top Grade Large	21 – 23 cents	22 – 24 cents
Plant Grade Loose Large – ½ case	24 – 26 cents	26 – 28 cents
Plant Grade Loose Large 30 doz. case	26 – 28 cents	Combine 30 doz. case with pallets & boards for a range of 30 – 33 cents
Plant Grade Loose Large on Pallets & Boards	31 – 33 cents	
Gradeable Nest Run Class #1	34 – 36 cents with or without material	36 – 38 cents with or without material

On August 11, 2006, Urner Barry acknowledged agreement with the Price Discovery Committee that the benchmark quote would be based on store-door delivery of carton eggs – agreed on the public trading value of Carton eggs – and agreed on the recommendation for Gradeable Nest Run.

Urner Barry disagreed with Committee on consolidating all classes of plant grade loose at 38 cents back of the Large quote.



USDA Weekly Retail Shell Egg Feature Activity
Advised Prices for Shell Eggs to Consumers at Major Retail Supermarket Outlets during the period of 09/15 thru 09/21.
(prices in dollars per carton)

Fri. Sep 15, 2006

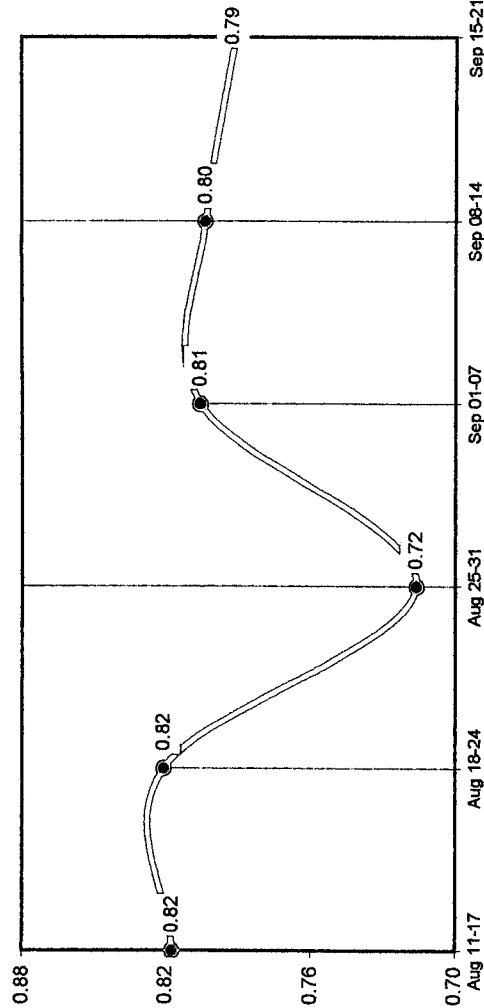
Feature Rate	NATIONAL SUMMARY					
	THIS WEEK			PREVIOUS WEEK		
	53.5% of 17,000 stores			45.3% of 17,000 stores		
	X LARGE	LARGE	LARGE	X LARGE	LARGE	
	Stores	Avg	Stores	Avg	Stores	Avg
USDA GRADE AA						
White 12 pack		180	1.10		600	0.95
White 18 pack		820	1.13		280	1.16
Brown 12 pack						
USDA GRADE A						
White 12 pack	50	0.83	2,900	0.77	1,880	0.77
White 18 pack			820	1.24	520	1.13
Brown 12 pack			70	0.97		
USDA ORGANIC						
White 12 pack						
Brown 12 pack	110	3.59	770	3.11	930	3.06
OMEGA-3						
White 12 pack			860	2.40	1,310	2.40
Brown 12 pack	20	1.99	110	2.29		
CAGE-FREE						
White 12 pack			320	2.34	140	2.49
Brown 12 pack			660	2.52	890	2.89
ACTIVITY INDEX SUMMARY	THIS WEEK		LAST WEEK		INVENTORY 5/	
Regular Shell Eggs (XL/LG; AAA; WB)	4,840		3,280		Large Eggs on	
Specialty Shell Eggs	2,850		3,290		Sep-11-2006	
Total (including Medium)	7,720		7,090		487.5	
Special Rate 4/:	18.0%		15.7%		down 1%	

5/ Inventory in thousands of 30-dozen cases.

Shell Egg Featuring - 09/15 thru 09/21

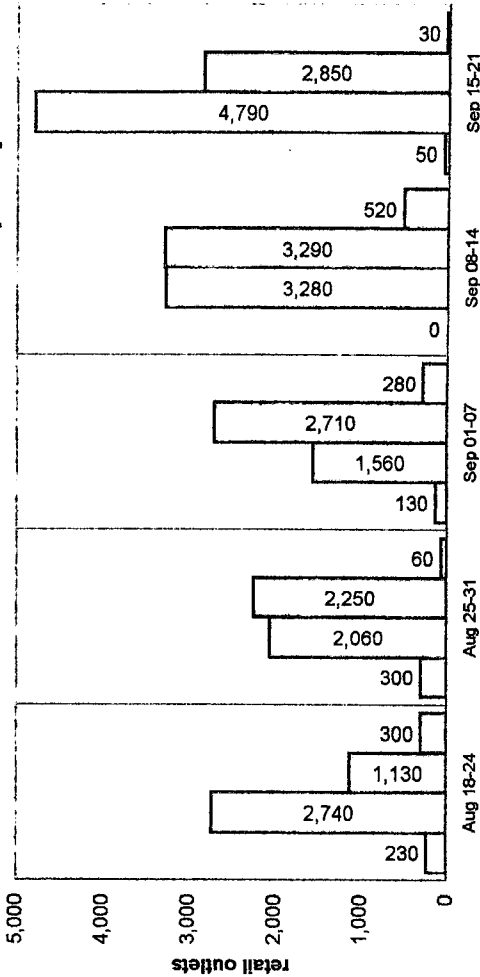
The feature activity on regular shell eggs, especially Grade A Large 12 pack, increased sharply over last week, mostly aided by major chains. More than half of all sampled stores are promoting eggs this week. The average price to consumers on Grade A Large white eggs continues lower. Ads on Extra Large and Medium eggs are difficult to find. The Northwest region remains active, followed closely by the Northeast region. Specialty shell egg features declined when compared to a week ago. Notably, specialty shell egg promotions are more visible towards the end of this ad cycle.

Large White Eggs - Grade A or better, wtd avg. featured price converted to \$/dozen



Activity Index: 5-Week Comparison

XL LG Specialty MMD



Explanatory Notes

All report information gathered from publicly available sources including store circulars, newspaper ads, and supermarket websites.

1/ **FEATURE RATE** the amount of sampled stores advertising any consumer grade of shell eggs during the current week, expressed as a percentage of the total sample. 2/ **ACTIVITY INDEX**: a measure of the absolute frequency of feature activity equal to the total number of stores for each advertised consumer grade of shell egg. (e.g., a retailer featuring XL and LG eggs in 100 stores would have an activity index of 200.) 3/ **STORES/AVG**: the total number of advertising outlets and the weighted average price weighted by the respective number of outlets. 4/ **SPECIAL RATE**: the percentage of sampled stores with a no-price promotion (e.g., buy 1, get 1 free, etc.)

Source: USDA Agricultural Marketing Service, Poultry Market News - (202) 720-6911

website: <http://www.ams.usda.gov/poultry/pymn.htm>

Retail Feature Price For Cage and Non-Cage Eggs

USDA-AMS gathers information from 17,000 retailers nationwide. The prices shown below are the advertised prices for shell eggs to consumers at major retail supermarket outlets. This information is gathered weekly and reported each Friday.

Retail Feature Prices					
Date	Umer Barry Midwest Large	Cage Eggs - White	Cage-Free White	Cage-Free Brown	Organic Brown
6-Jan	91 cents	81		\$2.14	\$2.99
3-Feb	64 cents	74		\$2.65	\$2.54
9-Mar	81 cents	76		\$2.09	\$4.13
7-Apr	86 cents	81	\$2.02	\$2.67	\$2.96
5-May	55 cents	82	\$1.99	\$2.57	\$3.63
2-Jun	80 cents	77		\$2.40	\$3.17
7-Jul	53 cents	76	\$2.79	\$2.52	\$3.30
11-Aug.	74 cents	87	\$1.99	\$1.99	\$2.58
8-15-Sept.	73 70 cents	77	2.49 \$2.34	2.89 \$2.52	3.06 \$2.41
Oct. 6	70	76		2.09	2.82

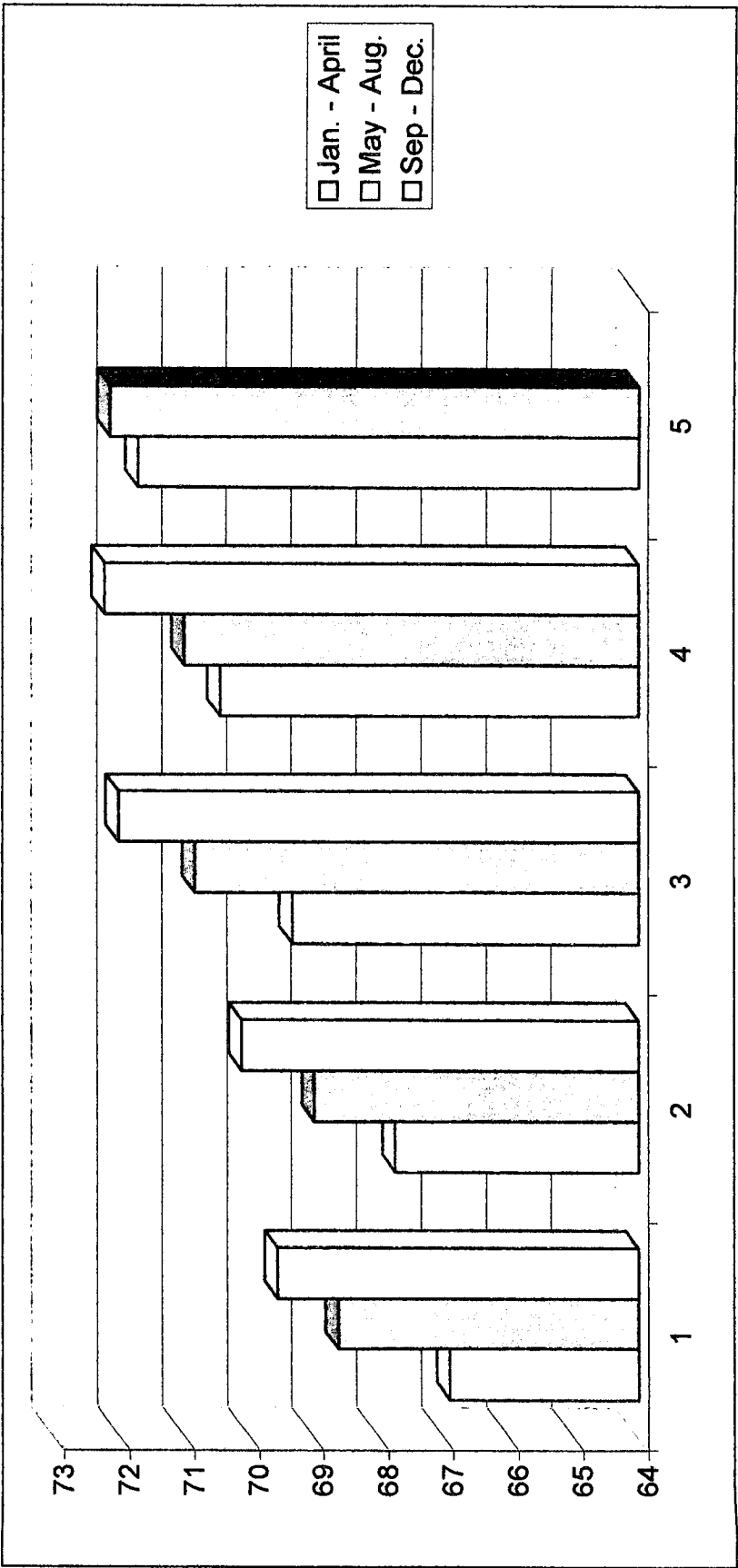
Question: Are consumers that have switched to purchasing cage-free and/or organic eggs buying less eggs per week than their previous purchasing habits when they purchased cage eggs? Are retailers featuring cage eggs less often than they have in past years?

Nov. 3 91 78 ~~2.07~~ 3.00

Egg Production Patterns

Period	Million Cases					2006	
	2002	2003	2004	2005	2006		
	66.91	67.75	69.33	70.45	71.71	72.14	75.56 <i>est.</i>
	68.62	68.99	70.84	71.00	72.23		
Jan. - April							
May - Aug.							
Sep - Dec.							

The lowest egg price period of the year is the May through August months and yet the industry produces more eggs during that period than during the first 4 months of the year.



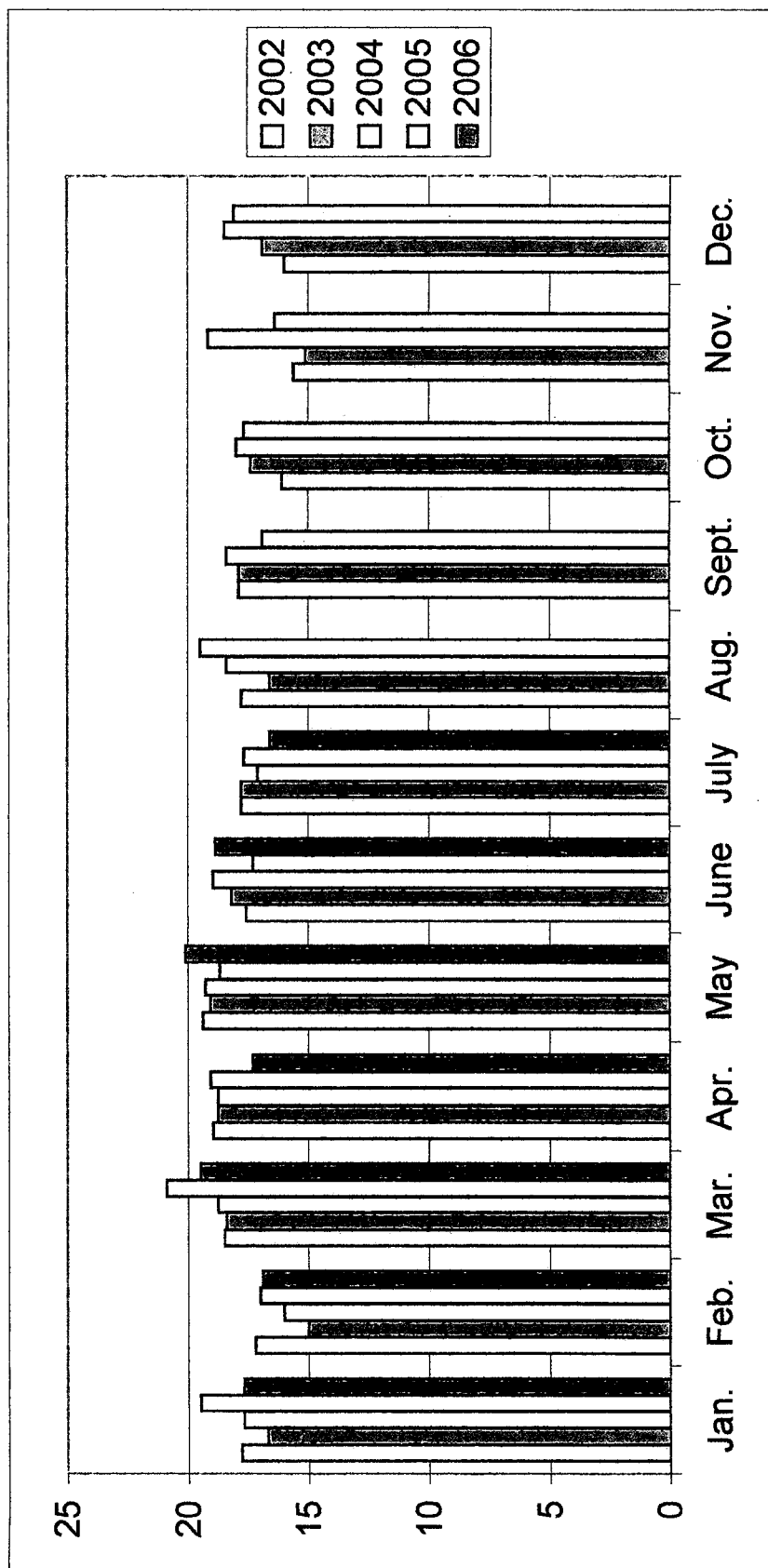
May through August 2006 are estimates As USDA reports for August were not available when this was printed.

Monthly Hen Inventory and Average Monthly Price
First of Month Hen Inventory in Millions **Umer Barry Midwest Large Quote**

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Average
2002 Hen Inv.	281.8	280.4	279.7	278.5	276.8	275.6	277.7	278.5	280.0	282.3	282.9	283.3	279.8
2003 Hen Inv.	282.1	282.0	280.1	279.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4	278.5
Difference	0.3	1.6	0.4	1.2	-0.6	-0.2	-2.9	-2.3	-3.1	-5.4	-6.4	-0.9	-1.3
2002 Price	74.7	66.1	82.0	60.4	58.2	70.2	67.6	70.7	67.3	69.3	88.0	79.7	71.0
2003 Price	83.4	78.4	84.1	81.2	72.5	81.9	85.4	100.0	98.1	105.1	126.4	112.5	92.2
Difference	8.7	12.3	2.1	20.8	14.3	11.7	17.8	29.3	30.8	35.8	38.4	32.8	21.2
2003 Hen Inv.	282.1	282.0	280.1	279.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4	278.5
2004 Hen Inv.	279.5	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.0	285.3	286.5	285.2	282.9
Difference	-2.6	-2.2	0.4	3.1	5.7	7.3	7.8	7.2	7.1	8.4	7.2	2.8	4.4
2003 Price	83.4	78.4	84.1	81.2	72.5	81.9	85.4	100.0	98.1	105.1	126.4	112.5	92.2
2004 Price	120.3	110.6	127.1	93.4	77.9	80.8	75.1	66.5	68.6	62.7	75.3	80.1	86.7
Difference	36.9	32.2	43	12.2	5.4								-5.5
2004 Hen Inv.	279.5	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.0	285.3	286.5	285.2	282.9
2005 Hen Inv.	287.4	288.5	289.5	285.7	282.7	282.1	281.3	281.7	283.5	285.6	287.3	290.7	285.5
Difference	7.9	8.7	9.0	2.9	0.8	-0.6	-1.3	-1.7	-0.5	0.3	0.8	5.5	2.6
2004 Price	120.3	110.6	127.1	93.4	77.9	80.8	75.1	66.5	68.6	62.7	75.3	80.1	86.7
2005 Price	70.0	71.7	64.0	60.0	57.1	59.6	67.6	61.0	77.7	65.6	80.2	89.1	68.5
Difference							-7.5	-5.5	9.1	2.9	4.9	9.0	-18.2
2005 Hen Inv.	287.4	288.5	289.5	285.7	282.7	282.1	281.3	281.7	283.5	285.6	287.3	290.7	285.5
2006 Hen Inv.	290.9	290.8	291.0	291.6	288.7	285.5	284.3	284.0					
Difference	3.5	2.3	1.5	5.9	6.0	3.4	3.0	2.3					
2005 Price	70.0	71.7	64.0	60.0	57.1	59.6	67.6	61.0	77.7	65.6	80.2	89.1	68.5
2006 Price	77.6	62.1	83.6	69.7	60.6	69.2	59.2	74.0					
Difference	7.6	-9.6	19.6	9.7	3.5	9.6	-8.4	13.0					

PULLET CHICK HATCH

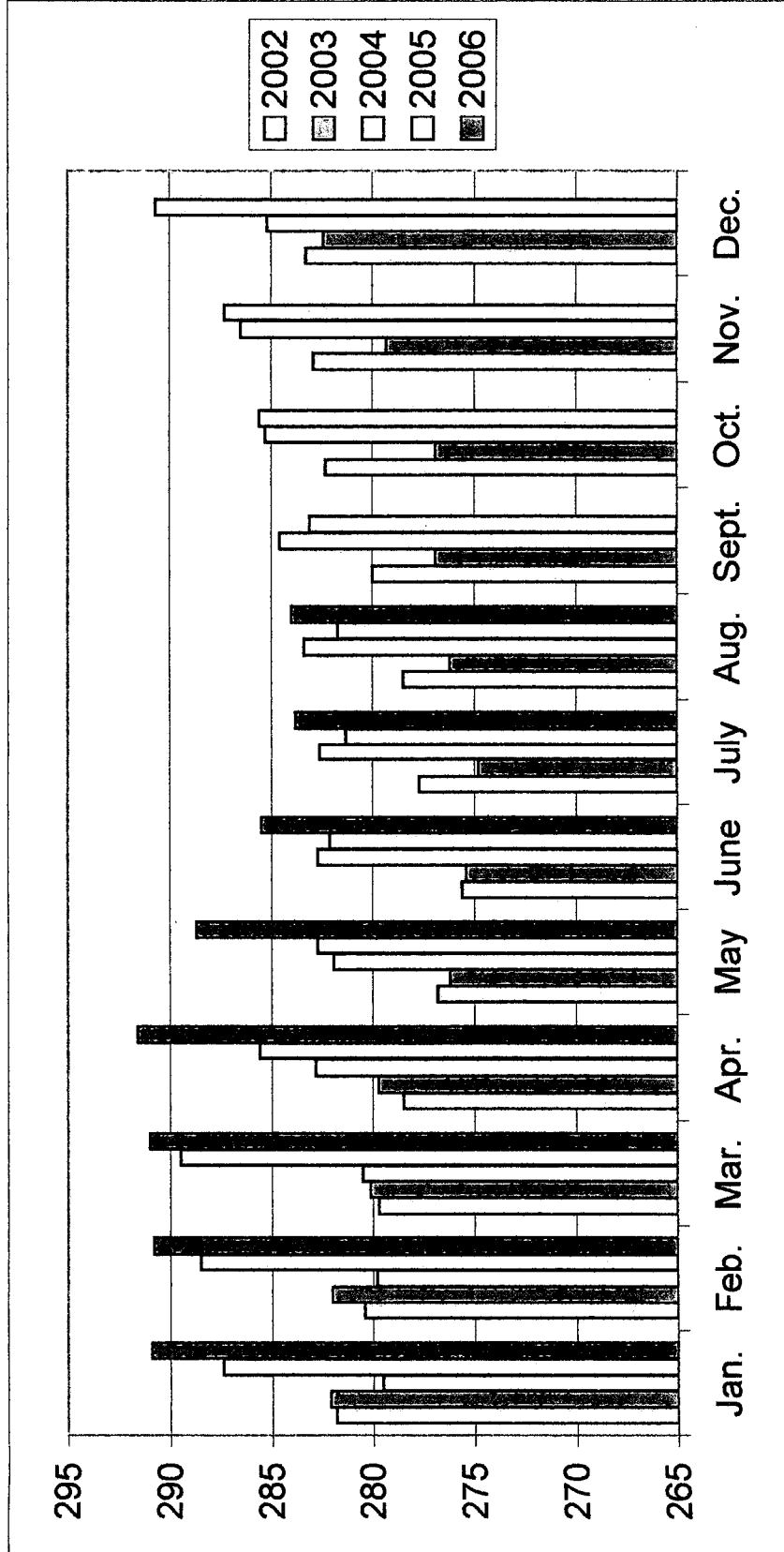
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
(Million Pullets Per Month)													
2002	17.8	17.2	18.5	19.0	19.4	17.6	17.8	17.8	17.9	16.1	15.6	16.0	210.7
2003	16.7	15.0	18.4	18.8	19.1	18.2	17.8	16.6	17.9	17.4	15.1	16.9	207.9
2004	17.7	16.0	18.8	18.8	19.3	19.0	17.1	18.4	18.4	18.0	19.2	18.5	219.2
2005	19.5	17.0	20.9	19.1	18.7	17.3	17.7	19.5	16.9	17.7	16.4	18.1	218.8
2006	17.7	16.9	19.5	17.3	20.1	18.9	16.6						



Monthly Hen Inventory

(Million Hens First Day Of Month)

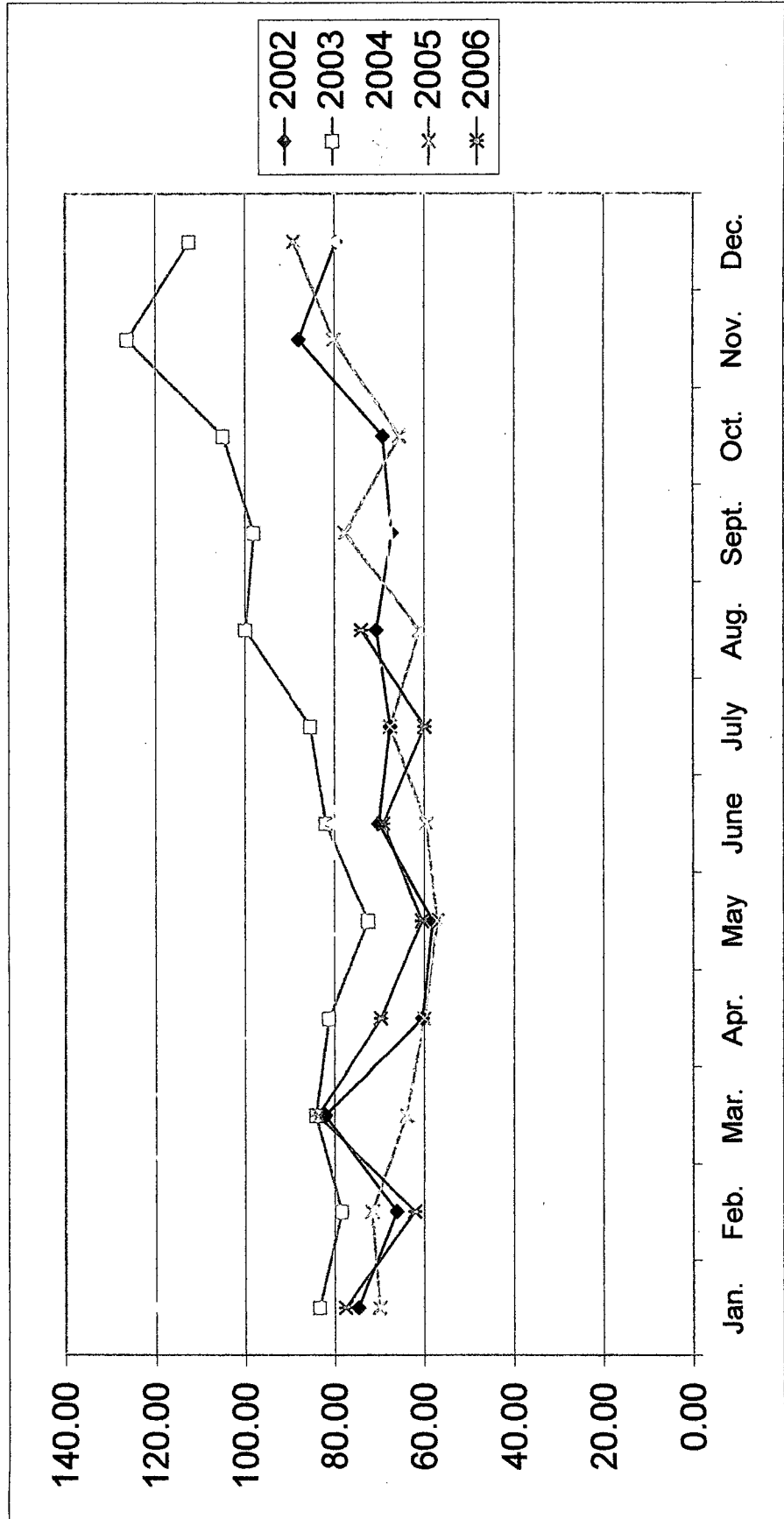
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2002	281.8	280.4	279.7	278.5	276.8	275.6	277.7	278.5	280.0	282.3	282.9	283.3
2003	282.1	282.0	280.1	279.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4
2004	279.5	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.6	285.3	286.5	285.2
2005	287.4	288.5	289.5	285.6	282.7	282.1	281.3	281.7	283.1	285.6	287.3	290.7
2006	290.9	290.8	291.0	291.6	288.7	285.5	283.8	284.0				



Each month of 2006 has recorded a higher flock inventory than any comparable month of past 5 years.

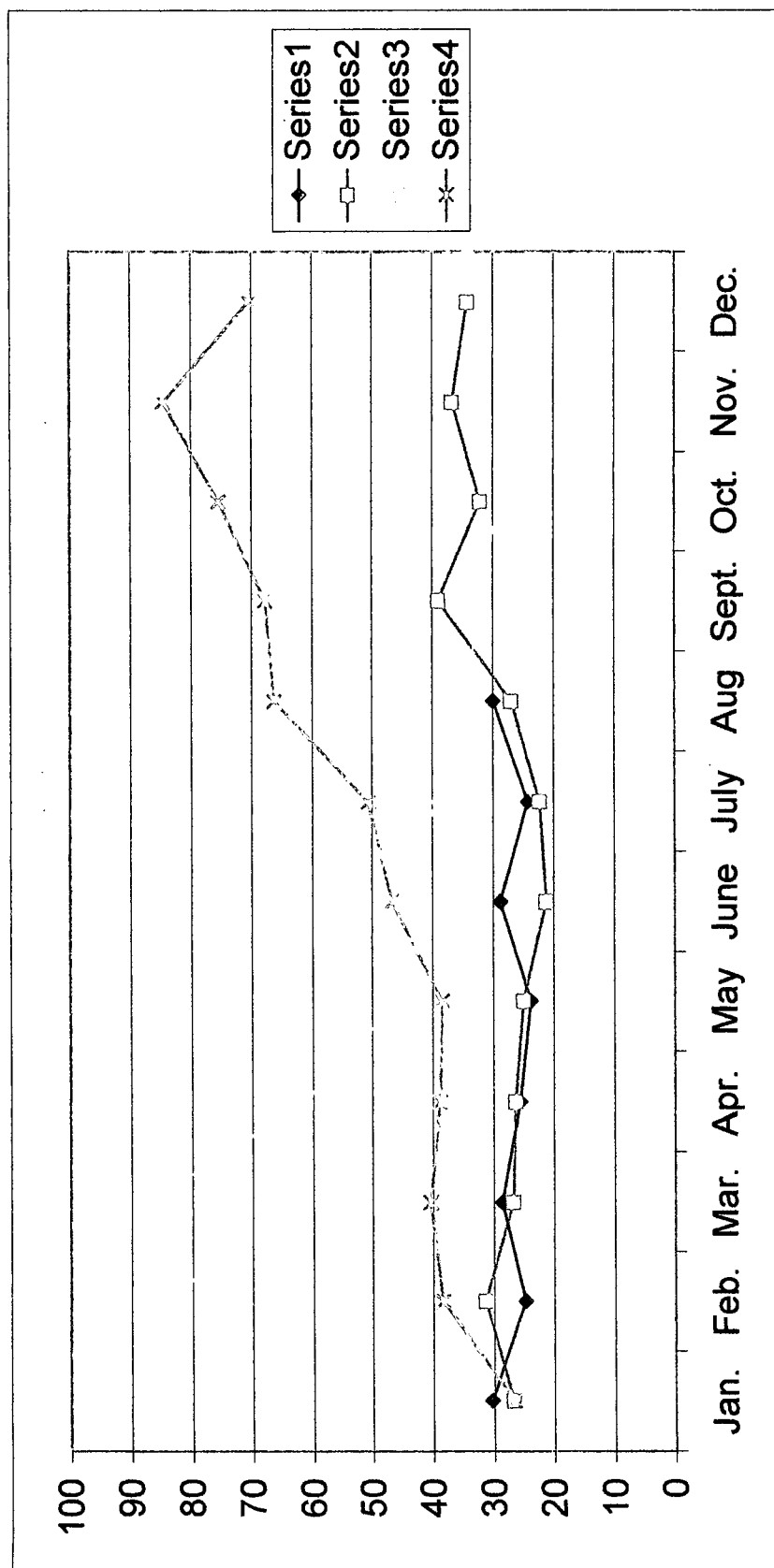
Midwest Urner Barry Large Quote

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2002	74.68	66.15	82.00	60.45	58.18	70.25	67.64	70.73	67.35	69.30	88.00	79.71
2003	83.41	78.42	84.14	81.19	72.52	81.90	85.36	100.05	98.10	104.96	126.44	112.48
2004	120.29	110.60	127.09	93.38	77.90	80.82	75.14	66.55	68.57	62.67	75.35	80.14
2005	70.00	71.70	64.00	60.00	57.14	59.59	67.60	61.04	77.67	65.57	80.20	89.14
2006	77.57	62.10	83.61	69.68	60.59	69.18	59.95	74.00				



Uner Barry Central Breaking Stock Quote (48-50#)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.
2006	30.29	24.80	28.57	25.58	23.77	28.82	24.32	30.00	39.05	32.14	36.70	34.29
2005	26.76	31.40	26.77	26.38	25.05	21.23	22.30	27.00	33.43	28.62	26.00	26.57
2004	72.33	77.95	87.48	61.48	45.75	45.91	39.33	33.00	67.81	75.43	84.56	70.43
2003	26.59	38.47	40.43	38.90	38.43	46.71	50.68	66.33				



Series 1 = 2006 Series 2 = 2005 Series 3 = 2004 Series 4 = 2003

Since Sept. 2004, the Breaking Stock quote has been above 30 cents only 6 out of 22 months.

MONTHLY DISAPPEARANCE

(Millions)

2006	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
U. S. Slaughter	6.2	4.5	5.1	4.5	5.4	4.1	4.1	4.6					
Canadian Slaughter	1.1	1.2	1.1	0.7	0.7	0.3	0.3	0.5					
Rendering and Other	8.4	7.3	7.2	10.5	11.3	11.3	8.6	9.4					
Normal Mortality	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>					
Actual Total	18.2	15.5	15.9	18.2	19.9	18.2	15.5	17.0					
Estimated	18.2	16.1	15.8	17.0	17.9	19.0	17.0	17.0	16.5	15.8	15.8	17.1	203.2
Total for 2006 (2-28-06)													

RKL/dm
9/22/2006

USDA POULTRY STATISTICS (layers)
Actual Numbers 1/1/03 thru 9/1/06
Projected Numbers thru 12/31/06
(000,000 omitted)

PULLET CHICK HATCH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	% Change For Year	Avg. Per Month
2003	16.7	15.0	18.4	18.8	19.1	18.2	17.8	16.6	17.9	17.4	15.1	16.9	207.9	-1.3%	17.3
2004	17.7	16.0	18.8	18.8	19.3	19.0	17.1	18.4	18.4	18.0	19.2	18.5	219.2	5.2%	18.3
2005	19.5	17.0	20.9	19.1	18.7	17.3	17.7	19.5	16.9	17.7	16.4	18.1	218.8	-0.2%	18.2
2006	17.7	16.9	19.5	17.3	20.1	18.9	16.6	17.5	17.6	17.7	16.4	18.1	214.2	-2.1%	17.9
HEN SLAUGHTER															
2003	8.2	6.8	7.0	8.3	7.2	6.4	5.6	5.5	5.0	5.5	4.4	5.9	75.8	-27.2%	6.3
2004	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	5.9	5.7	6.4	72.2	-5.0%	6.0
2005	5.8	5.5	7.3	7.1	6.8	7.2	5.5	5.6	5.3	5.2	4.8	6.1	72.2	0.0%	6.0
2006	6.2	4.5	5.1	4.5	5.4	4.1	4.1	4.6	4.0	4.0	4.0	5.0	55.5	-23.2%	4.6
LAYING HEN NUMBERS															
2003															
Begin No. Layers	282.1	282.0	280.1	279.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4	278.5	70.2% Annual Rate	278.5
Placements *	16.6	16.6	15.0	14.5	14.9	15.5	14.0	17.1	17.5	17.8	16.9	16.6	192.9	-2.3%	16.1
Slaughter	8.2	6.8	7.0	8.3	7.2	6.4	5.6	5.5	5.0	5.5	4.4	5.9	75.8	27.2%	6.3
Mortality **	8.5	11.7	8.4	9.7	8.5	9.7	6.9	10.9	12.5	9.9	9.4	13.6	119.7	43.0%	10.0
Ending No. Layers	282.0	280.1	279.7	276.2	275.4	274.8	276.2	276.9	276.9	279.3	282.4	279.5	278.3		278.3
UB NE LG. Mkt.	83.4	80.1	86.0	83.0	73.7	82.9	87.0	99.8	101.0	105.8	128.4	115.3	93.9		93.9
2004															
Begin No. Layers	279.5	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.0	285.3	286.5	287.4	283.5	66.5% Annual Rate	283.5
Placements *	15.4	16.6	16.2	14.0	15.7	16.5	14.9	17.5	17.5	17.9	17.7	15.9	195.9	1.5%	16.3
Slaughter	5.8	5.2	6.1	6.1	6.1	6.3	6.0	6.4	6.2	5.9	5.7	6.4	72.2	25.5%	6.0
Mortality **	9.3	10.7	7.8	8.8	8.8	10.3	8.1	10.5	10.0	10.8	13.3	7.3	115.8	40.9%	9.6
Ending No. Layers	279.8	280.5	282.8	281.9	282.7	282.6	283.4	284.0	285.3	286.5	285.2	287.4	283.5		283.5
UB NE LG. Mkt.	120.5	113.5	128.9	95.4	79.5	82.0	75.8	69.4	72.0	62.7	76.6	81.1	88.1		88.1
2005															
Begin No. Layers	287.4	288.5	289.5	285.7	282.7	282.1	281.3	281.7	283.5	285.6	287.3	280.7	285.5	71.3% Annual Rate	285.5
Placements *	17.1	17.1	16.7	17.9	17.2	18.1	15.8	19.4	17.8	17.4	16.1	16.5	207.1	5.7%	17.3
Slaughter	5.8	5.5	7.3	7.1	6.8	7.2	5.5	5.6	5.3	5.2	4.8	6.1	72.2	25.3%	6.0
Mortality **	10.2	10.6	13.2	13.8	11.0	11.7	9.9	12.0	10.4	10.5	7.9	10.1	131.4	46.0%	10.9
Ending No. Layers	288.5	289.5	285.7	282.7	282.1	281.3	281.7	283.5	285.6	287.3	290.7	290.9	285.8		285.8
UB NE LG. Mkt.	70.8	67.0	69.0	62.2	60.6	70.0	69.8	66.1	82.1	68.6	82.8	91.5	71.7	12 Months	71.7
PROJECTED 2006															
Begin No. Layers	290.9	290.8	291.0	291.6	288.7	285.5	283.8	284.0	285.1	285.2	288.9	291.4	288.1	69.8% Annual Rate	288.1
Placements *	18.1	15.7	16.5	15.3	16.8	16.5	15.7	18.1	16.1	18.7	17.5	15.4	200.4	3.2%	16.7
Slaughter	6.2	4.5	5.1	4.5	5.4	4.1	4.1	4.6	4.0	4.0	4.0	5.0	55.5	19.3%	4.6
Mortality **	12.0	11.0	10.8	13.7	14.6	14.1	11.4	12.4	12.0	11.0	11.0	11.5	145.5	50.5%	12.1
Ending No. Layers	290.8	291.0	291.6	288.7	285.5	283.8	284.0	285.1	285.2	288.9	291.4	290.4	288.0		288.0
UB NE LG. Mkt.	81.4	65.0	85.6	72.1	62.4	71.8	62.6	74.0	73.3				72.0	9 Months	72.0

* Pullet placements in laying house are computed as 93% of pullet hatch reported five months earlier.

** Mortality - Includes, hen house mortality, fire loss, theft, unreported disposal, and mysterious disappearance.

*** Top % is change in 20 wk old pullets housed vs previous year, 2nd is slaughter as a % of laying flock size, and the 3rd is mortality & disappearance as a % of laying flock size.

2006 / 2007
Egg Price Forecast For Urner Barry Midwest Large

<u>Month</u>	<u>UEP Forecast</u>	<u>Actual</u>	<u>Don Bell's Most Recent Forecast</u> (as of August 31, 2006)
January	76.7	77.5	
February	72.3	62.1	
March	79.8	83.6	
April	72.4	69.7	
May	65.0	60.6	
June	67.1	69.2	
July	72.8	59.9	
August	73.4	74.0	
September	76.4		75.5
October	77.1		75.5
November	89.4		88.1
December	88.1		86.8
<u>2007</u>			
January			85.8
February			81.4
March			88.1
April			75.5
May			67.3
June			71.8
July			73.3

EXHIBIT 788

To: Matt Gentry[mgentry@moarkllc.com]
From: Don Dent
Sent: Fri 3/7/2008 3:56:15 PM
Importance: Normal
Subject: FW: LRP call
PEPA Annual Convention--Gene Gregory.ppt
PEPA Presentation--Bob Hodges.ppt

Did you use any of these – or are they potentials for next week.

Benjamin M. Dent (Don)
Chief Financial Officer
Moark LLC
Phone: California (951) 549-7660
Phone: St. Louis Maryville Centre (314) 317-5240
Cell Phone: (314) 630-7904
Fax: Ca. (951) 279-8156

From: Craig Willardson
Sent: Thursday, March 06, 2008 7:31 PM
To: Don Dent; Matt Gentry
Subject: LRP call

Don/Matt

I'm sure you have had a lot of information thrown at you lately on the LRP project. With extensive travel and a series of industry meetings this week, I haven't contributed much to the process, but will take a look at the data in the morning. There were good PPT presentations from the egg economic panel that I chaired (Gene Gregory, Bob Hodges, and Sean Delano of CCF). I have two of them, which I will forward.

Craig Willardson

MOARK

951-549-7660 telephone

951-549-6733 facsimile

951-733-0200 cell phone



Produced as MOARK0029196



PEPA Annual Convention

March 2008

“Egg Economics Report”

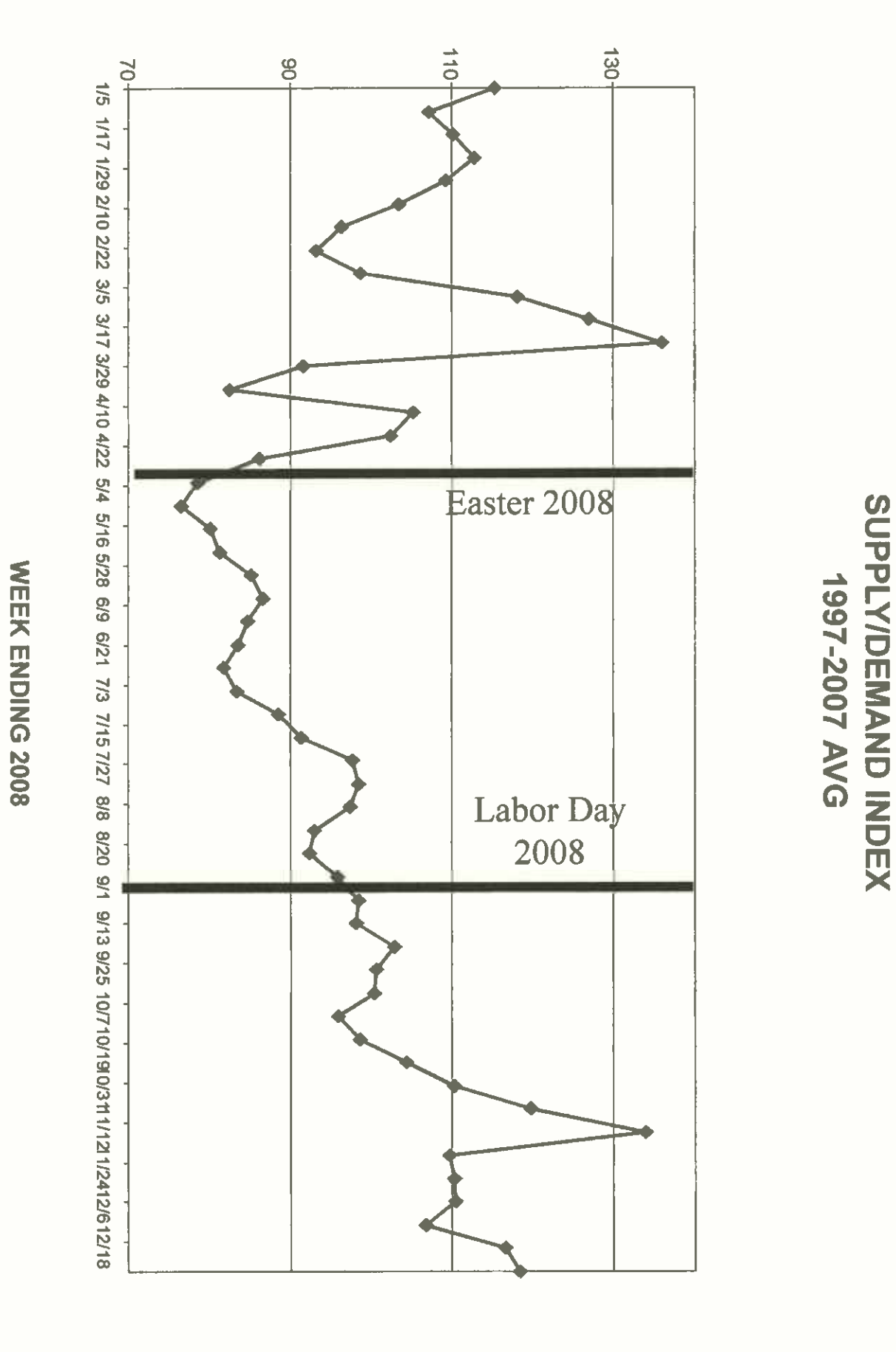
By:

Gene Gregory

United Egg Producers - President

Factors That Attributed To 2007 Egg Prices

- Financial losses of 2005 and 2006
- Flock Reduction (Better supply management)
- UEP Certified Cage Space Requirements
- Prohibited backfilling of cages
- Exports
- Reduced egg supply during weeks between Easter and Labor Day
- Ethanol Mandates – Competition for Corn
- Population Growth (Increased Demand)



Shell Egg Produced – Less Eggs for Breaking

Month	Million Cases			Million Cases			Million Cases		
	2005	2005	Net	2006	2006	Net	2007	2007	Net
	Shell Egg	Eggs Broken	Shell Eggs	Shell Eggs	Eggs Broken	Shell Eggs	Shell Eggs	Eggs Broken	Shell Eggs
Jan	18.13	5.32	12.81	18.40	5.52	12.88	18.15	5.08	13.07
Feb	16.43	5.17	11.26	16.63	5.30	11.33	16.44	5.07	11.37
Mar	18.36	6.00	12.36	18.71	5.67	13.04	18.46	5.59	12.87
Apr	17.53	5.57	11.96	17.97	5.41	12.56	17.61	5.20	12.41
May	17.89	5.76	12.13	18.11	5.86	12.25	17.91	5.91	12.00
June	17.36	6.16	11.20	17.61	5.90	11.71	17.34	5.70	11.64
July	17.90	5.61	12.29	18.20	5.71	12.49	17.88	5.54	12.34
Aug	17.85	6.02	11.83	18.21	6.08	12.13	17.88	6.16	11.72
Sept	17.44	5.93	11.51	17.72	5.58	12.14	17.43	5.49	11.94
Oct	18.23	5.88	12.35	18.33	5.64	12.69	18.24	6.03	12.21
Nov	17.94	5.58	12.36	18.07	5.37	12.70	17.84	5.32	12.52
Dec	18.62	5.36	13.26	18.56	5.41	13.15	18.43	5.29	13.14
Total	213.68	68.36	145.32	216.52	67.45	149.07	213.61	66.38	147.23

Approximately 48% of all eggs broken are produced at in-line production/breaking facilities.

Umer Barry Midwest Large Quote	2004	2005	2006	2007
Umer Barry Central Breaking Stock	86.74	68.47	75.37	\$1.17
	48.38	29.02	29.42	68.86

Reduce Egg Supply Between Easter & Labor Day

UEP has suggested that if producers reduce their egg production for the weeks between Easter and Labor Day, it will make a major contribution to the annual price being increased by several cents per dozen.

How did the industry respond in 2007 compared to 2006?

<u>Month</u>	<u>Million Cases</u>	
	<u>2006</u>	<u>2007</u>
April	17.97	17.61
May	18.11	17.91
June	17.60	17.34
July	18.19	17.88
August	<u>18.21</u>	<u>17.88</u>
Total	90.08	88.62

1.46 million fewer cases in 2007

1.46 million cases converts to approximately 83 fewer truckloads of eggs per week.
1.65% fewer cases of eggs did make a major difference. Urner Barry's Midwest Large quote averaged \$1.04 during the 2007 period compared to 66.7 cents in 2006.

UEP Certified Program – Reduces Flock Size

- Let's assume that producers were providing cage space of 53.3 square inches prior to 2002.
- By 2007 this house would have been populated with 16.7% fewer hens when using the "house averaging" space allowance.
- Layer houses filled in the fall of 2008 and thereafter will see further reduction by 3.7% when using the "house averaging" space allowance.
- If each house held 100,000 hens in 2002 and if 240 million hens are currently in the UEP Certified program, we would see further hen reductions in late 2008 and 2009 by approximately 8.9 million hens.
- Producers built new houses between 2002 and 2007 to replace much of the hen loss per house but the expansion slowed down in 2006 and 2007.

Backfilling Cages

- From the summer of 2003 through the spring of 2004, the industry enjoyed very profitable prices.
- To take advantage of good prices – producers elected to back fill empty cages. This added several million hens to the nation's flock inventory and was a major reason we destroyed good prices.
- UEP Certified program then develops policy to prohibit backfilling cages. The market now reflects the benefits of that policy.

United States Egg Marketers - Export

<u>Year</u>	<u>Number of Trailer Loads</u>
2000	34
2001	252
2002	250
2003	300
2004	0
2005	0
2006	90
2007	930

What are prospects for 2008?

Market Demand - Growth

- In 2002 the layer hen population was 280 million
- In 2007 the layer hen population was 283 million
- Per capita egg consumption in 2002 = 255.9 eggs
- Per capita egg consumption in 2007 = 253.8 eggs
- People population in 2002 = 287 million
- People population in 2007 = 303 million
- Growth in population = 16 million
- 4.7% more total eggs consumed in 2007 than were in 2002.

2008 Flock Size

The latest estimates by Don Bell and Ken Looper forecast the layer hen inventory to grow by about 3 to 5 million hens throughout the year.



Looking To The Future – Hens In New or Remodeled Facilities

2007: Remodeled or new buildings for cage housing = 3.7 million hens
Remodeled or new buildings for cage-free housing = 2.4 million hens

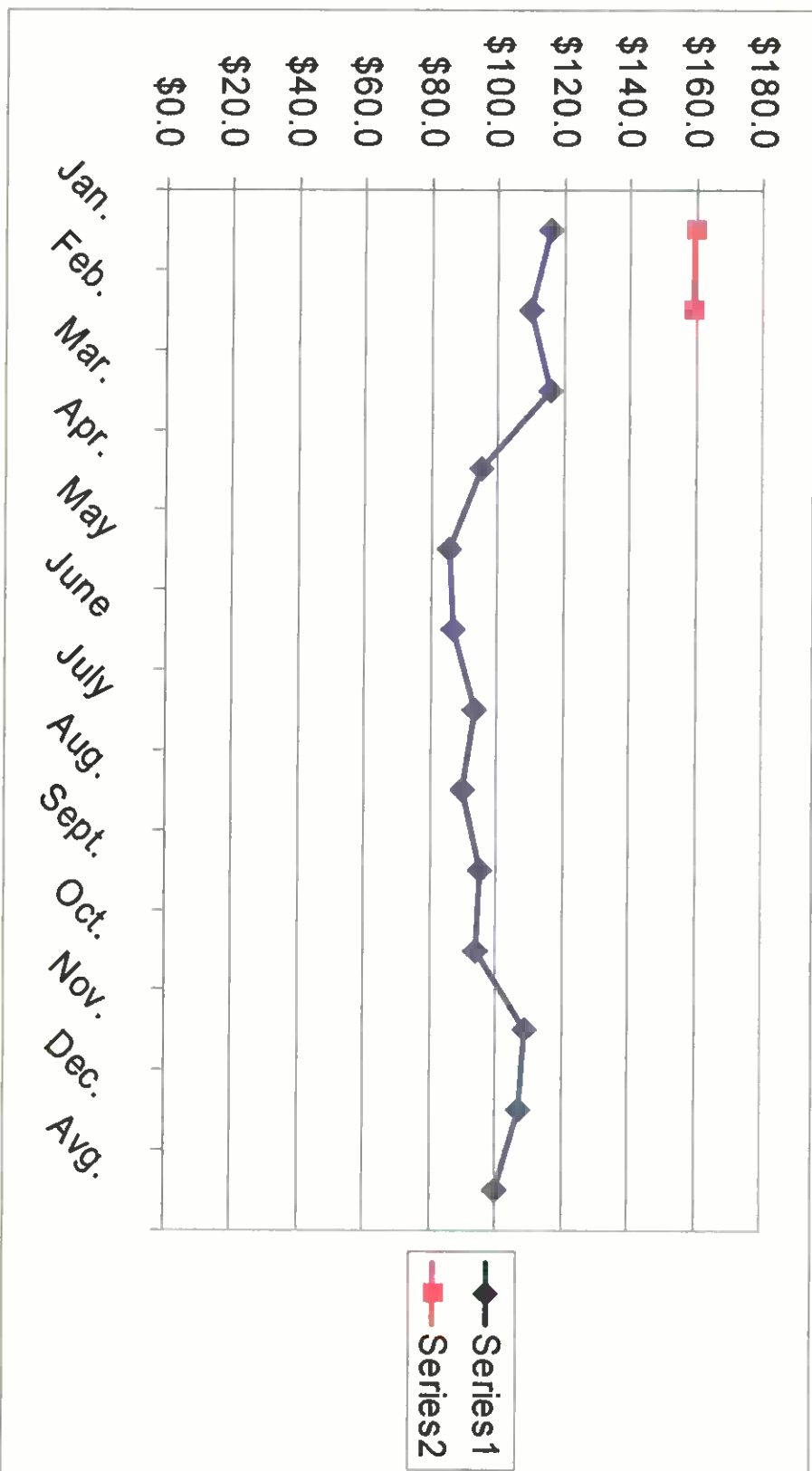
2008: Cages for 10.1 million hens with 80% occupied by year end.
Cage-free equipment for 2.9 million hens with 95% occupied by year end.

Industry economics in 2005 and 2006 delayed most plans for replacing old depreciated equipment.

Source: Equipment Manufacturer

2008 Egg Price Forecast (Midwest Large)

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Avg.
\$115.8	\$110.3	\$116.2	\$95.0	\$85.5	\$86.5	\$93.1	\$89.8	\$94.9	\$93.6	\$109.0	\$107.1	\$99.7
\$159.8	\$159.0											



Possible Impacts Upon 2008 Egg Prices

- Easter egg donations of 50 truck loads could have a positive impact.
- Unlikely USEM exports to Europe could have a negative impact.
- Managing supply between Easter and Labor Day could have a positive impact.
- Increased cage space per bird by fall could have a positive impact.

Bottom Line

Reasonably Confident That 2008 Will Be Profitable.